

Purchasing Week

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\$6 A YEAR U. S.

\$25 A YEAR

FOREIGN

GE Sets Up New Benchmarks for Purchasing

Defense Buildup Seen Having Little Impact on Prices

Washington — The Kennedy Administration's new military buildup will mean a 12% hike in new hardware procurement orders over the next 11 months. The Pentagon's latest purchasing plans now call for award of close to \$17-billion worth of contracts in the 1962 fiscal year, ending next June 30, the highest level of military buying since World War II.

But government officials do not expect increased defense production to have any significant effect on commodity prices. That's why the President is steering clear of price and priority and allocation controls on industrial materials.

In all, the defense procurement budget is increased \$1.8-billion. This increase is earmarked to buy conventional arms and equipment as contrasted to equipment for nuclear retaliatory forces.

The items in the new shopping list—guns, planes, ammunition, etc.—are essentially off-the-shelf items with short production lead-times. For the most part, the Pentagon will be buying only

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REA Loses Out in Fight To Set Up 'Blanket' Rates

New York — REA Express suffered a setback in its drive to establish "blanket" rates, (rates based on state boundaries or geographic blocks) when the ICC suspended a tariff plan based on that principle last week. The new rates, which would have applied to apparel shipped from Bruce-ton, Tenn., to all points in the U.S., were due to go into effect July 24.

REA had hoped to extend the "blanket" rate principle to other

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P/W Price Editor Named Federal Advisor



R. S. REICHARD

Robert S. Reichard, price editor of Purchasing Week since its inception in 1957, and winner of a Neal Award for outstanding journalism in 1959, has been appointed to the Committee on Consumer and Wholesale Prices of the Business Research Advisory Council to the Bureau of Labor Statistics. Reichard will act as an advisor to the Commissioner of Labor Statistics on both industrial and consumer prices.

Professional Certification for P.A.'s? Edwards Gives Fla. Group Ins & Outs

St. Petersburg, Fla.—A national program of accreditation for purchasing executives was proposed as a possible professional goal at the Annual Educational Institute of Florida Purchasing Agents here.

Assessing various accreditation plans proposed by purchasing groups throughout the country, NAPA staff official Marshall G. Edwards warned that a system of accreditation would be extremely difficult to devise. But he added, "If we want accreditation as a truly professional purchasing goal, then immediate steps should be taken through the NAPA District Councils and the Executive Committee to start the project."

Edwards' discussion of purchasing certification came during a three-day program in which the need for purchasing men to set the pace in establishing ever higher degrees of professional and ethical standards was hammered home repeatedly.

NAPA President Russell T. Stark, in his first post-convention



M. G. EDWARDS

appearance before an NAPA group, declared: "In building the image of NAPA, we must start with building the image of the individual, both educationally and ethically." Former association President Paisley Boney, now NAPA Public Relations Committee chairman, also emphasized the necessity for P.A.'s to set lofty managerial and ethical standards and to take an active role in civic as well as business improvement projects.

Approximately 150 Florida purchasing men attended the institute, sponsored by the Purchasing Agents Assn. of Florida in cooperation with the University

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Kennedy Delays Message On Curing Transport Ills

Washington — The Kennedy Administration, taking cognizance of the problems of the nation's transportation industry, has tentatively decided to ask Congress to strengthen the law against cut-throat freight rates, to consider imposing user charges on barge lines, and to place restrictions on private transportation.

The request probably will be made when Congress reconvenes next January. A Presidential message on the problem had been drafted for presentation to the lawmakers, but was delayed on grounds that most of the proposals could not be considered

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Blough Mum on Prices

New York—U.S. Steel Corp. President Roger M. Blough sidestepped the issue of prices at the company's quarterly meeting in New York. He commented that "Big Steel's" pricing policy will be determined, as in the past, by "market conditions, costs, and competition."

Discussing prospects for the steel industry in general, Blough

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Purchasing Week's Panorama

• Vendors Can Help You Cut Costs. The Air Force has found this to be true, and has come up with a number of ways for determining the contractor's potential in this direction. They're outlined in the centerspread on pages 12 and 13.

• Wholesale Prices are Up Slightly in P/W's latest tally. But indications are that the index will remain steady during the coming month. And a look into the more distant future indicates a firming in September. The rundown is on page 8.

• Numerical Controls Are Taking Over more production operations as manufacturers seek to take advantage of the benefits of automation. 'Product Perspective' on page 16 takes a look at some of the latest entries in this field.

• Prices Continue to Worry the Administration, particularly in the light of President Kennedy's proposed buildup in military spending. For a discussion of what's on the defense horizon, see the 'Washington Perspective' on page 4.

Motorola Taps P.A.'s To Pick Manufacturer Of New Color TV Tube

New York — Motorola has put its purchasing department squarely in the driver's seat in its quest for a manufacturer to turn out a color television picture tube with which it hopes to challenge RCA's dominance of the field.

This was revealed here last week when the Chicago-based firm unveiled a prototype model of a color set it hopes to have on the market by fall 1962. The set contains a 23-in. rectangular tube in contrast to RCA's present 21-in. round tube and it boasts a chassis 5 in. less in depth.

Frank J. O'Brien, vice president of purchasing, will show the prototype tube to manufacturers within the next two weeks. "From that point," said Executive Vice President Edward R. Taylor, "selection of a manufacturer will be in purchasing's hands."

He said that two criteria will

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Price Weakness Recurs In Lumber and Plywood

New York—Lumber and plywood prices have been softening since the second week in July, despite the fact that housing starts—a key lumber demand indicator—have been rising, and production has been curtailed because of mill vacation closings.

Last week the bellwether 1/4" sanded plywood panels were officially dropped to \$64 a 1000 sq. ft. from the previous list of \$68. The preceding week unofficial discounting to \$66 had been reported.

Northwest mills also recently cut random length green fir 2x4's—another major building item—by \$2 to \$64/1,000 board ft.

Industry sources were hard put

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Department Activities To Be Judged in Terms Of Rate of Progress—Not Guesswork Goals

New York—General Electric Co. has developed a purchasing performance measurement plan that promises to provide the P.A. with a new way to evaluate his efforts.

The plan, described by Charles B. Adams, manager-purchasing service at the Annual Educational Institute of the Purchasing Agents Assn. of Florida, discards the traditional approach of standards and concentrates on the idea that constant improvement is the goal on price, quantity, quality, and timing of delivery.

The four dimensional dynamic factors measured by the Purchasing Improvement Plan are:

• Price—Continuous cost reduction to the "zero" point.

• Quantity—Striving for perfect balance of production needs, inventory carrying costs, Economic Order Quantities, and cash flow.

• Quality—Seeking perfect materials and reduction of inspection costs.

• Timing—Seeking delivery at exactly the moment the material is needed.

The philosophy that improvement should be continuous, and infinite perfection the goal gets around the old bugaboo that it is necessary first to establish standards for purchasing costs, orders processed, and the like.

General Electric has tried it for six months at the Lynchburg, Va., Communication Products Dept. plant, manufacturers of electronic devices and radio equipment. Adams expects to see it put into effect at four or five more plants by the end of 1961.

The great range of General Electric product departments will

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Purchasing Week's

Purchasing Perspective

In an attempt to drive home the importance of the purchasing function in industry today, the American Management Assn. has broadened the scope of its professional development program to include top managers outside the purchasing field.

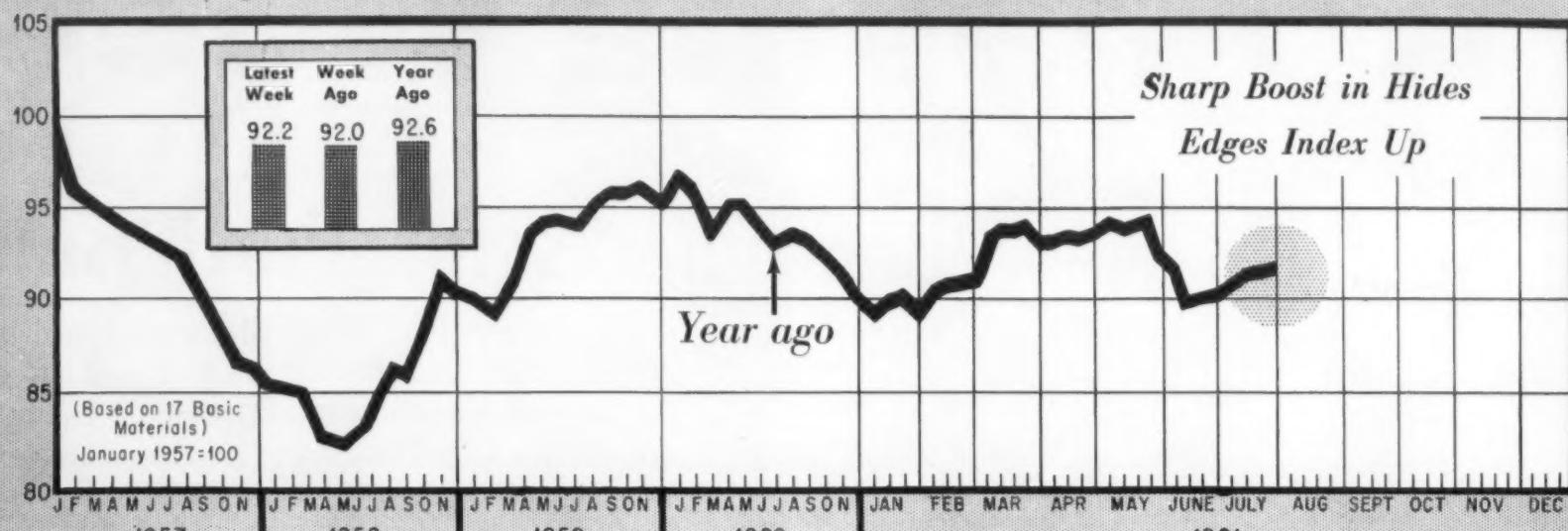
As part of its program, next month the Purchasing Div. of AMA will offer an orientation seminar, "Purchasing for Profit: Purchasing's Role in the Corporate Structure," designed to spell out to top level executives in the fields of marketing, engineering, and finance the contributions purchasing can make in their respective areas, as well as to underline the critical relationships necessary for the successful accomplishment of the purchasing job.

The move underscores the tremendous need for a long-term public relations program that will implement the individual P.A.'s efforts within his own company to gain recognition for skills that qualify him for a place on the management team.

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Purchasing Week Industrial Materials Price Barometer

This index, based on 17 basic materials, was especially designed by the McGraw-Hill Department of Economics.



**Sharp Boost in Hides
Edges Index Up**

This Week's Commodity Prices

| | July 26 | July 19 | Year Ago | % Yrly Change |
|---|---------|---------|----------|---------------|
| METALS | | | | |
| Pig iron, Bessemer Pitts., gross ton..... | 67.00 | 67.00 | 67.00 | 0 |
| Pig iron, basic, valley, gross ton..... | 66.00 | 66.00 | 66.00 | 0 |
| Steel, billets, Pitts., net ton..... | 80.00 | 80.00 | 80.00 | 0 |
| Steel, structural shapes, Pitts., cwt..... | 5.50 | 5.50 | 5.50 | 0 |
| Steel, structural shapes, Los Angeles, cwt..... | 6.20 | 6.20 | 6.20 | 0 |
| Steel, bars, del., Phila., cwt..... | 5.98 | 5.98 | 5.975 | + .1 |
| Steel, bars, Pitts., cwt..... | 5.675 | 5.675 | 5.675 | 0 |
| Steel, plates, Chicago, cwt..... | 5.30 | 5.30 | 5.30 | 0 |
| Aluminum, pig, lb..... | .26 | .26 | .26 | 0 |
| Secondary aluminum, #380 lb..... | .212 | .212 | .24 | -11.7 |
| Copper, electrolytic, wire bars, refinery, lb..... | .306 | .306 | .326 | -6.1 |
| Brass, yellow, (sheet) lb..... | .493 | .493 | .506 | -2.6 |
| Lead, common, N.Y., lb..... | .11 | .11 | .12 | -8.3 |
| Nickel, electrolytic, producers, lb..... | .813 | .813 | .74 | +9.9 |
| Tin, Straits, N.Y., lb..... | 1.156 | 1.157 | 1.048 | +10.3 |
| Zinc, Prime West, East St. Louis, lb..... | .115 | .115 | .13 | -11.5 |
| FUELS | | | | |
| Fuel oil #6 or Bunker C, Gulf, bbl..... | 2.20 | 2.20 | 2.30 | -4.3 |
| Fuel oil #6 or Bunker C, N.Y., barge, bbl..... | 2.62 | 2.62 | 2.62 | 0 |
| Heavy fuel, PS 400, Los Angeles, rack, bbl..... | 2.10 | 2.10 | 2.15 | -2.3 |
| Lp-Gas, Propane, Okla., tank cars, gal. (incl. discount). . | .025 | .025 | .035 | -28.6 |
| Gasoline, 92 oct. reg., Chicago, tank car, gal..... | .12 | .12 | .126 | -4.8 |
| Gasoline, 84 oct. reg., Los Angeles, rack, gal..... | .108 | .108 | .105 | +2.9 |
| Kerosene, Gulf, Cargoes, gal..... | .095 | .093 | .09 | +5.6 |
| Heating oil #2, Chicago, bulk, gal..... | .088 | .088 | .09 | -2.2 |
| CHEMICALS | | | | |
| Ammonia, anhydros, refrigeration, tanks, ton..... | 94.50 | 94.50 | 90.50 | +4.4 |
| Benzene, petroleum, tanks, Houston, gal..... | .31 | .34 | .34 | -8.8 |
| Caustic soda, 76% solid, drums, carlots, cwt..... | 4.80 | 4.80 | 4.80 | 0 |
| Coconut oil, inedible, crude, tanks, N.Y. lb..... | .124 | .125 | .153 | -18.9 |
| Glycerine, synthetic, tanks, lb..... | .25 | .25 | .293 | -14.7 |
| Linseed oil, raw, in drums, carlots, lb..... | .191 | .191 | .163 | +17.2 |
| Phthalic anhydride, tanks, lb..... | .195 | .195 | .185 | +5.4 |
| Polyethylene resin, high pressure molding, carlots, lb..... | .275 | .275 | .325 | -15.4 |
| Polystyrene, crystal, carlots, lb..... | .18 | .18 | .215 | -16.3 |
| Rosin, W.G. grade, carlots, fob N.Y. cwt..... | 13.15 | 13.15 | 15.10 | -12.9 |
| Shellac, T.N., N.Y. lb..... | .31 | .31 | .31 | 0 |
| Soda ash, 58%, light, carlots, cwt..... | 1.55 | 1.55 | 1.55 | 0 |
| Sulfur, crude, bulk, long ton..... | 23.50 | 23.50 | 23.50 | 0 |
| Sulfuric acid, 66% commercial, tanks, ton..... | 22.35 | 22.35 | 22.35 | 0 |
| Tallow, inedible, fancy, tank cars, N.Y. lb..... | .059 | .06 | .059 | 0 |
| Titanium dioxide, anatase, reg. carlots, lb..... | .255 | .255 | .255 | 0 |
| PAPER | | | | |
| Book paper, A grade, Eng finish, Untrimmed, carlots, cwt..... | 17.75 | 17.75 | 17.75 | 0 |
| Bond paper, #1 sulfite, water marked, 20-lb, 16-carton lots, cwt..... | 25.20 | 25.20 | 25.20 | 0 |
| Chipboard, del. N.Y., carlots, ton..... | 100.00 | 100.00 | 100.00 | 0 |
| Wrapping paper, std. Kraft, basis wt. 50 lb rolls..... | 9.50 | 9.50 | 9.50 | 0 |
| Gummed sealing tape, #2, 60 lb basis, 600 ft. bundle .. | 6.30 | 6.30 | 6.30 | 0 |
| BUILDING MATERIALS | | | | |
| Cement, Portland, bulk carlots, fob New Orleans, bbl..... | 3.65 | 3.65 | 3.65 | 0 |
| Cement, Portland, bulk carlots, fob N.Y., bbl..... | 4.20 | 4.20 | 4.18 | + .5 |
| Southern pine, 2x4, s4s, trucklots, fob N.Y., mftbm..... | 115.00 | 115.00 | 122.00 | -5.7 |
| Douglas fir, 2x4, s4s, carlots, fob Chicago, mftbm..... | 124.00 | 125.00 | 135.00 | -8.1 |
| Spruce, 2x4, s4s, carlots, fob Toronto, mftbm..... | 85.00 | 85.00 | 88.00 | -3.4 |
| Fir plywood, 1/4" AD, 4x8, dealer, crld, fob mill, msf..... | 64.00 | 64.00 | 64.00 | 0 |
| TEXTILES | | | | |
| Burlap, 10 oz, 40", N.Y., yd..... | .132 | .138 | .116 | +13.8 |
| Cotton middling, 1", N.Y., lb..... | .350 | .349 | .336 | +4.2 |
| Printcloth, 39", 80x80, N.Y., spot, yd..... | .175 | .175 | .202 | -13.4 |
| Rayon twill, 40x4, 92x62, N.Y., yd..... | .205 | .205 | .225 | -8.9 |
| Cotton drill, 1.85, 39", 68x40, N.Y., yd..... | .355 | .355 | .395 | -10.1 |
| Wool tops, N.Y., lb..... | 1.590 | 1.595 | 1.42 | +12.0 |
| HIDES AND RUBBER | | | | |
| Hides, cow, light native, packers, Chicago, lb..... | .210 | .195 | .168 | +25.0 |
| Rubber, #1 std ribbed smoked sheets, N.Y., lb..... | .291 | .299 | .385 | -24.4 |

(Price sources include: Coal Age, E&MJ Metal and Mineral Markets, Engineering News-Record, Platts Oilgram Price Service.)

Purchasing Week's Price Perspective

BETTER DEMAND AHEAD—That's the signal being flashed by Purchasing Week's Industrial Materials Price Barometer.

The current rise in this index—it's been in slow uptrend for over a month now—is a pretty good indication that industrial buying will be picking up in the months ahead.

So far this year this demand-sensitive indicator has been working with uncanny accuracy—predicting 30-60 days in advance which way the business curve would turn.

In January, for example, the barometer started rising, after a year of almost uninterrupted fall. It's no coincidence that industrial production turned up in March—less than two months later.

A second test for this index began to shape up in May when prices began to fall again. As it turned out, this decline actually was the prelude to the current summer slowdown in business activity.

In view of the record over the past two quarters of this year, there is every reason to believe that the current upturn in this barometer will be just as accurate in signaling a substantial pickup within the next 60 days. Certainly, surveys of consumer and business buying intentions indicate as much.

An added fillip can be expected when the new defense buildup gets underway. President Kennedy's emphasis on conventional hardware—guns, tanks, and aircraft—means that a greater proportion of defense money will go into the procurement of raw materials.

PRICE INHIBITOR—Foreign competition may prove a decisive factor in convincing steelmakers to go slow on price increases come October 1 when wages are scheduled to go up 11¢-14¢/hour.

For signs are increasing that foreign suppliers—faced with more than enough capacity to meet their own local needs—are set to make another concerted drive to capture a bigger share of the U.S. market.

Earlier this month, for example, the Japanese cut export tags on some wire and sheet items by \$1-\$3/ton.

Import sources also see a significant easing in European reinforcing bars and structures. They expect these items to dip another \$5/ton. This would raise the European producers price advantage to \$15/ton—enough, say the experts, to interest a lot of on-the-fence U.S. buyers.

Some metal men think the export drive may be already under way. In May, for example, U.S. imports of steel mill products rose to the highest tonnage in a year—substantially higher than any earlier month in 1961.

EASY MONEY—There are growing indications that current low interest rates will hold through early fall.

• **Cheaper commercial paper**—These short-term borrowings made by corporations for seasonal needs actually have declined in recent weeks. Since this paper is in direct competition with bank lending, it's hard to see how the banks will be able to jack up on the rates in the near future.

• **Plentiful money supply**—Free reserves held by member banks (a measure of a bank's lending ability) remain at surprisingly high peaks—well above the comparable levels of the 1954 and 1958 upturns.

• **Liberal Fed policy**—The top money managers are scrupulously avoiding any action which would raise the rediscount rate—usually a prelude to any upward revision of the interest rate structure.

The absence of any financial restraints at this stage of the recovery is not wholly unexpected. It's part and parcel of the Administration decision to switch emphasis away from stability—and toward greater economic growth in the coming months and years.

Major Oil Companies Boost Prices On Gas, Other Petroleum Products

New York—Two major oil companies kicked off a number of increases in gasoline and heating oil prices last week.

• **Sinclair Oil**, in an effort to combat widespread gasoline price wars, announced $\frac{1}{2}$ ¢ to $1\frac{1}{2}$ ¢/gal. hikes in tank wagon prices for East Coast areas where the company felt current tags were "subnormal". Subsequently Sinclair also "rescinded all temporary tankwagon prices" (presumably voluntary allowances to dealers) and restored normal tank quotes in its Southwest, Midwest, and Rocky Mountain marketing areas.

• **Esso Standard** raised prices on No. 2 oil, kerosene, and diesel fuel by .3¢/gal. all along the Atlantic Seaboard from Charlestown, S.C., north. No. 4 oil was boosted 8¢/bbl. and No. 5 oil 5¢/bbl. (except in Boston where the hike was 8¢/bbl.).

The Esso boosts stemmed from the demand caused by a heavy buildup of distillate inventories along the East Coast in anticipation of possible renewal of the national maritime strike in September when the federal 80-day injunction expires. This rush demand also brought an increase in tanker rates and a $\frac{1}{4}$ ¢/gal. hike in spot Gulf Coast quotes the previous week.

Rest May Follow

Cities Service followed Esso's lead, and the rest of the industry was expected to go along. The new price for No. 2 fuel oil in New York—inclusive of the $\frac{1}{2}$ ¢/gal. summer fill discount—is 15.2¢/gal.

Sinclair implemented its new pricing policy with 1¢/gal. increases on tankwagon prices, along with elimination of all voluntary allowances, in Nassau and western Suffolk counties of New York. Mobil and Amoco made similar price adjustments in these Long Island areas.

Sinclair also announced hikes of .8¢/gal. and 1¢/gal. for Albany and Philadelphia respectively.

Other gasoline price boosts instituted by Mobil included: 1.6¢/

Court Bars Eastern Gas From Barge Acquisition

Cincinnati — An injunction barring Eastern Gas & Fuel Associates, Boston, from acquiring Midland Enterprises, Inc., Cincinnati, has been issued by the U.S. Court of Appeals here at the request of three major barge lines.

In granting the injunction, the Court of Appeals overruled the U.S. District Court here, which had previously denied the request. The injunction was sought by American Barge Line Co., Louisville; Mississippi Valley Barge Line Co., St. Louis, and Union Barge Line Corp., a subsidiary of Dravo Corp., Pittsburgh.

The protesting lines claimed the acquisition of Midland Enterprises, which through its Ohio River Co. subsidiary is one of the largest barge operators on the inland waterways, could give Eastern control of a major share of the nation's rail-water coal transportation.

This Week's Scrap Prices

| | July 26 | July 19 | Year Ago | % Yrly Change |
|---|------------|------------|-------------|------------------|
| Steel, #1 hv, divd Pitt, ton..... | 36.00 | 36.00 | 30.00 | +20.0 |
| Steel, #1 hv, divd Clev, ton..... | 34.50 | 34.50 | 31.00 | +11.3 |
| Steel, #1 hv, divd Chic, ton..... | 36.00 | 36.00 | 31.00 | +16.1 |
| Copper, #1 wire, dlr buy, fob NY, lb..... | .24 | .24 | .24 | 0 |
| Copper (hv) & wire mix, dlr buy, fob NY, lb..... | .22 | .22 | .22 | 0 |
| Brass, light, dlr buy, fob NY, lb..... | .125 | .125 | .110 | +13.6 |
| Brass, hv yellow mix, dlr buy, fob NY, lb..... | .145 | .145 | .125 | +16.0 |
| Alum (cast), mixed, dlr buy, fob NY, lb..... | .10 | .10 | .10 | 0 |
| Alum (sheet), old clean, dlr buy, fob NY, lb..... | .095 | .095 | .095 | 0 |
| Zinc, old, dlr buy, fob NY, lb..... | .03 | .03 | .04 | -25.0 |
| Lead, soft or hard, dlr buy, fob NY, lb..... | .07 | .07 | .083 | -15.7 |
| Rubber, mix auto tires, divd Akron, ton..... | 11.00 | 11.00 | 11.50 | -4.3 |
| Rubber, synth butyl tubes, East, divd, lb..... | .065 | .063 | .078 | -19.2 |
| Paper, old corrug box, dlr, Chic, ton..... | 16.00 | 16.00 | 18.00 | -11.1 |
| Paper, #1 mixed, dlr, NY, ton..... | 3.00 | 1.00 | 1.00 | +200.0 |
| Polyethylene, clear, dlr, NY, lb..... | .05 | .07 | .11 | -54.5 |

Price Briefs

Ortho-Tolidine—Prices on this key intermediate used in dyes and rubber chemicals dropped 3¢/lb. The new quote is 25¢/lb. in tankwagons.

Mercury—Quotes on this liquid metal dipped to \$193 per 76-pound flask—the lowest point in over 7 years. Poor demand is behind the cut.

Beryllium scrap—Brush Beryllium Co. reduced the price paid for metal scrap by about 15%.

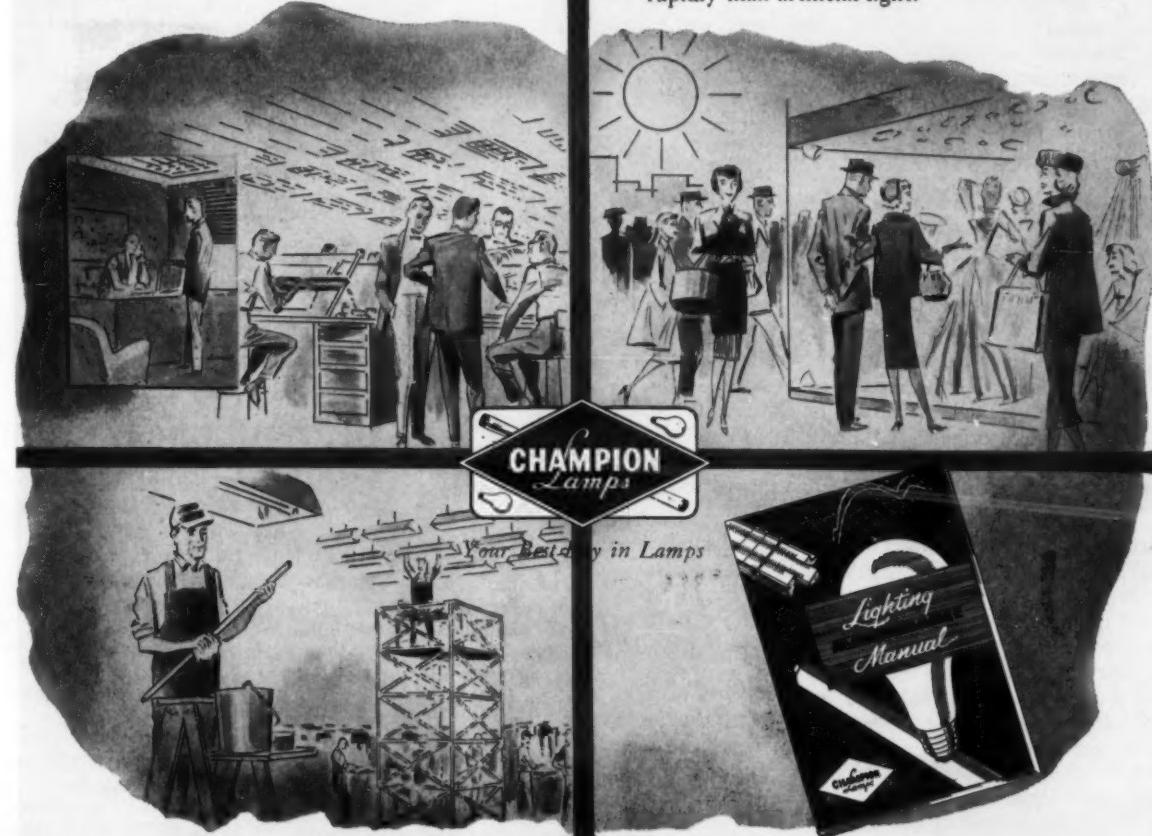
Facts of Light!

LARGE ROOMS USE LIGHT MORE EFFICIENTLY THAN SMALL ROOMS

The greater part walls play in a room, the more loss there will be before light reaches the ultimate working level. Also, the higher fixtures are, the greater will be the percentage of wall surface available to absorb light.

FADING CAUSED BY ARTIFICIAL LIGHT DEPENDS ON THE INTENSITY OF LIGHT

There is essentially no difference between incandescent and fluorescent light in causing fading of colored materials—it is the intensity of light that determines the effect. Open sunlight will fade materials much more rapidly than artificial light.



A LITTLE SOAP AND WATER CAN STOP THE LOSS OF HALF YOUR LIGHT

Dust and dirt allowed to accumulate on lamps and fixtures can reduce the light they produce by nearly 50%. The owning and operating cost remains constant. By knowing how fast light is depreciating, it is easy to figure amortization and power waste and establish a cleaning program that gives you maximum lighting economy.

MANY COST-SAVING HINTS IN THE CHAMPION LIGHTING MAINTENANCE MANUAL

This manual explains the principles and advantages of good lighting practice in 48 pages. Included are sections on group replacement of lamps, cleaning programs and a guide to trouble shooting fluorescent installations. This is the latest edition of a guide that has proved to be of great practical value to lighting men everywhere. Write for a free copy.

CHAMPION LAMP WORKS, Lynn, Massachusetts

CHAMPION INCANDESCENT-FLUORESCENT

Purchasing Week's Washington Perspective

President Kennedy's expanded defense program is just a preview of things to come. He struck something of a middle course in an effort to alert the American people to the dangers inherent in Berlin without arousing undue fears. But he repeatedly expressed the determination to take any additional steps required by the cold war situation.

It is difficult to see how Kennedy can avoid a tax rise next year. Several in the Administration argued for one this year, as a matter of fact, to offset increased military spending. But the President, almost at the last minute, decided against it chiefly on the grounds that the economy still is recovering from a recession and additional taxes would act as a growth deterrent. Next year, business should be on safer ground.

The \$3.5-billion increase in defense spending requested by Kennedy is just a beginning. Steeper boosts seem inevitable in future years—barring a collapse of the Communist offensive. Eventually, of course, this could lead to some sort of wage-price controls and materials allocations. For the moment, however, the President and his aides feel these are not necessary; commodity markets are soft and there is sufficient idle industrial capacity to take care of increased output.

Inflation is the major worry of the Administration. Prices have been fairly stable recently. But pouring an extra \$3-billion to \$4-billion or more into the spending stream each year is bound to exert an upward pressure on prices eventually. This is an added reason which could prompt Kennedy to ask Congress for a tax increase next year if one is needed to balance the budget.

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Kennedy asked Congress for an extra \$3.454-billion for the current fiscal year. Of this new money, some \$751-million will go for military personnel; \$743-million for armed services operation and maintenance; \$1.7-billion for procurement, and \$207-million for civil defense.

Inventory liquidation apparently has come to an end. This was one of the major economic depressants during the recent recession. The Commerce Dept. reports that production now is more closely related to final demand. During June, the chief change was a small rise in the inventories of nondurable goods industries. The durable goods industries stopped lowering their stocks.

Over-all, reports the department's Office of Business Economics, business activity continued to advance in the second quarter. Important gains were noted in June in income, employment and industrial production. Retail sales showed moderate gains both in durables and nondurables.

• • •

Legislation to authorize a transportation census in 1963 is running into opposition from the American Trucking Assn. A feature of the census would be a survey of shippers to collect data on rates, volumes, origins and destinations, and means of transport. ATA says it fears the information collected "could be used by the railroads as a basis for selective rate cutting."

• • •

U.S. textile producers are unhappy over a proposed solution to international cotton textile trade problems. The agreement—reached at a 17-nation conference in Geneva—calls for voluntary export-import quotas based generally on the level of exports or imports for each country during the 12 months ended June 30. It is a temporary, one-year plan.

Domestic producers plan to fight the proposal in Congress, where they have considerable influence. They feel the quota levels granted exporting nations are much too high, and they had wanted the program broadened to include wool and synthetics. The entire issue will be fought out next year when the Reciprocal Trade Act comes up for renewal in Congress.

Weekly Production Records

| | Latest Week | Week Ago | Year Ago |
|--|----------------|-------------|-------------|
| Steel ingot, thous tons | 1,858 | 1,860 | 1,550 |
| Autos, units | 105,166 | 127,157* | 112,179 |
| Trucks, units | 23,638 | 23,272* | 20,680 |
| Crude runs, thous bbl, daily aver | 8,284 | 8,167 | 8,204 |
| Distillate fuel oil, thous bbl | 13,423 | 12,922 | 12,381 |
| Residual fuel oil, thous bbl | 5,673 | 5,757 | 5,700 |
| Gasoline, thous bbl | 30,812 | 29,558 | 29,116 |
| Petroleum refineries operating rate, % | 83.5 | 82.3 | 83.8 |
| Container board, tons | 153,072 | 125,023 | 163,578 |
| Boxboard, tons | 90,276 | 68,160 | 89,981 |
| Paper operating rate, % | 83.0 | 54.8* | 83.6 |
| Lumber, thous of board ft | 181,855 | 129,809 | 184,497 |
| Bituminous coal, daily aver thous tons | 1,240 | 829* | 1,232 |
| Electric power, million kilowatt hours | 15,829 | 15,071 | 14,425 |
| Eng const awards, mil \$ Eng News-Rec | 399.7 | 509.4 | 365.5 |

*Revised

Kennedy Delays Message on Transport Problems

(Continued from page 1) properly before Congress began its summer recess.

The message declares the common carrier to be "the mainstay of the transportation industry," but says private carriage has so undermined for-hire carriers that their future is in jeopardy. It proposes to remedy this by freeing common carriers from "unfair or outmoded laws and regulatory practices" which have put them at a disadvantage.

Key Proposals

Among the key proposals in the message is one to modify the 1958 law governing competitive rate-making between rail, motor and water carriers. It says the existing rule, which provides that the Interstate Commerce Commission shall not hold up the rates of one mode of transportation to protect the traffic of another, is sound in principle but should be strengthened to prevent one carrier from setting rates so low as to destroy the traffic of another.

Other major proposals in the "postponed" transportation message:

• "Private carriage should be restricted to the direct sense of the word and not allowed to invade the for-hire domain of the common carrier." The message promised specifics later. It hinted the Administration will ask that private motor carriers be forbidden to engage in for-hire transportation of agricultural commodities, which are exempt from regulation, and that exemptions granted to liquid and bulk commodities moving by water be tightened.

• Congress should enact the Administration's proposals for imposing user charges on airlines and consider similar charges on barge lines.

• The privilege of the government, the nation's biggest shipper, to obtain transportation at free or reduced rates should be removed except in time of national emergency.

Tax relief for railroads

• Congress should consider lifting restrictions which keep railroads from engaging in truck or water transportation and which make it practically impossible for surface carriers to operate air services.

• Motor carriers should be required, as rail and barge lines are, to pay reparations to shippers for charging unlawful rates.

The message notes that water carriers blame the decline of coastwise shipping on "destructive rate-cutting" by the railroads. It does not suggest a specific change in the rate-making rule but says one will be drawn up later by the Administration.

In this connection, the National Industrial Traffic League and some individual shippers voiced strong objections last week to an overhaul of the rate-making rule which is incorporated in legislation sponsored by five senators and endorsed by the truck and barge industries. The bill is being considered by the Senate Commerce Committee but probably will not be acted upon before the summer recess. The committee is expected to await the Administration's proposals.

The Senate bill would require the ICC to consider the competitive impact of a rate reduction before approving it. For the first time, under this proposal, a carrier would be required to prove the competitive necessity of a rate reduction whenever challenged by a competing mode of transportation.

William H. Ott, chairman of NITL's executive committee and general traffic manager of Kraft Foods, said such a change would be a "backward step" that would restrict competitive rates. He said that in the league's views there ought to be fewer restrictions on such rates, not more of them.

Commodity Price Line Seen Holding Despite Boost in Defense Spending

(Continued from page 1) goods which can be ordered and delivered over the next 10 to 12 months.

The policy will be to crank out more equipment on current production lines. Few if any new supplies will be brought in to

fill the additional procurement orders.

In studying the economic consequences of the new defense buildup, Washington experts have come up with this conclusion: Most commodity markets are soft and there is enough idle production capacity in most industries so that the increased military buying can be met without creating civilian shortages or pushing industrial prices up.

No Short Supply Seen

Government officials say they know of no material in potential short supply. As PURCHASING WEEK reported last week, contractors for the Defense Dept., AEC, and NASA consumed only 1.1% of steel supplies in 1960, and the same rate continued in the first quarter of 1961.

In copper, contractors took up 1.9% of total supplies during 1960; the rate rose to 2.1% in January-March 1961. In aluminum, military-space-atomic needs consumed 3.1% of supplies during 1960 and 3.9% during the January-March 1961 quarter. The nickel rate was 3.2% in 1960 and 4.8% in the first three months of this year. For nickel alloys, the rate runs at 20% of supplies.

The latest defense production stepup is not expected to increase these percentages substantially.

Raw Materials

In raw materials such as lead, zinc, molybdenum, tungsten, chrome, titanium, manganese, beryllium, and rare earths, the situation is this: There is excess mining and metallurgical processing capacity and heavy surpluses in the federal stockpile of strategic and critical materials. The market outlook is pretty much the same for intermediate materials such as the ferro-alloys at the present.

General Electric Markets New Line Of 65 C Distribution Transformers

Schenectady, N. Y.—General Electric Co. has introduced a new line of 65 C distribution transformers priced as much as 10% below the 55 C transformers they are designed to replace.

In addition to operating at higher temperatures, the new transformers are up to 15% lighter and 12% smaller than the conventional 55 C models.

Typical Reductions

Typical price reductions on 2400-4800 v., no tap, transformers include: models with 50 KVA ratings, old price \$459, new price \$435; 100 KVA, old price \$788, new price \$756; 167 KVA, old price \$1204, new price \$1161. Largest reduction was made on the 50 KVA, 7200-7620-12,000, v., no tap, transformers. The old models were priced at \$490, the new ones at \$441.

William R. Smart, marketing manager for GE's Transformers Dept., said the lower manufacturing costs of the new units, together with a trend on the part of utility companies toward standardization on preferred KVA ratings, made the price cuts possible.

"Cost savings for the new 65 C line were assigned to each rating where the savings actually will occur, rather than arbitrarily

taking some 'average' percentage off the price of all ratings. This is why the amount of price reduction varies with the KVA and voltage rating," he said.

In a few instances, Smart noted, there were no price changes and in one case—the 37½ KVA, 2400-4800 v. models—there was a slight 2% price increase.

GE now is making the 65 C transformers with ratings from 15 to 167 KVA. Smart said it will start to make models with ratings of up to 500 KVA shortly.

Southern Motor Carriers Impose New Rate Boost

Washington—The Interstate Commerce Commission has allowed to go into effect a 6% increase in less-than-truckload and any-quantity rates between the South and East. But the rates have been placed under investigation.

The decision not to block the increase pending inquiry was made originally by the commission's board of suspension. The Southern Traffic League appealed, but Div. II upheld the board's decision.

The Southern Motor Carriers Rate Conference is imposing the increased charges.

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Pennsy Gets ICC Backing in Move To Win Control of Lehigh Valley Line

Washington—The Pennsylvania Railroad has won the backing of an Interstate Commerce Commission examiner in its bid to acquire control of the Lehigh Valley Railroad.

The Pennsylvania and its affiliates already own 44.4% of the Lehigh Valley's outstanding 1,510,333 shares of common stock. But this has been held in trusteeship, barring control.

Examiner William J. Gibbons recommended that the ICC end

this trusteeship and allow the Pennsylvania to acquire the remaining Lehigh stock. The Pennsylvania plans to offer to exchange one of its shares for each 2½ shares of Lehigh Valley. The acquisition of control is expected to lead eventually to merger of the two railroads.

The Lehigh Valley Railroad operates 1,127 miles of track from Buffalo, N. Y., through Pennsylvania and New Jersey into New York City.

Cost-Cutting Highlights Western Plant Show

Los Angeles — Cost-cutting supplies and equipment dominated the recent Western Plant Maintenance and Engineering Show. Over 4,000 engineers and P.A.'s looked over the displays in the 110 exhibits.

With aircraft manufacture temporarily in the doldrums, exhibitors targeted on the West's big business—defense type industries, electronics and petroleum.

Two power sweepers were unveiled with larger sweeping-swath size to meet the increasing de-

mand for covering larger areas. One model, from Wayne Mfg. Co., featured a 54-in. main-broom, which could be increased to 64 in. with a right side broom, 76 in. with dual side brooms. Hailed as the sweeper with the largest coverage this unit can sweep up to 300,000 sq. ft. an hour. H. G. Tennant also disclosed a new, larger unit.

Contract sweeping is a new and growing business in the West, with new shopping areas ranking high as customers. Rates run from around \$8 to \$12 an hour.

Power sweepers are moved from one point to another on trailers.

Other show highlights:

Especially recommended for "clean room" uniforms, the new Change-O-Matic locker cabinet is a time-saver. It dispenses uniforms from personal, individual compartments.

Electrofile, a random access, push-button, automatic card system made its debut at the exposition. Manufactured by Acme Visible Records, Inc., it provides automatic, fingertip control of all types of active records, whether sorted or unsorted.

Plastic material handling boxes for use in a machine-shop as well as precision parts handling are designed specifically for the job by Hollywood Plastics, Inc.

Aluminum manually propelled box, shelf and platform trucks, which weigh 1/3 as much as their steel and wood counterparts, reduce the labor of moving loads about a factory or plant. They were introduced by M. Neushul Co., Inc., Torrance, Calif.

A new, contour marker, which obviates the old "cut and try" method used by welders, lays out pipe joints accurately in a few seconds. To mark angle cuts, the welder merely sets the degree of angle of the protractor-type scale, tightens a thumbscrew, unfolds the arm holding soapstone and marks the cut on the pipe.

An entirely new service, Electrical Surveys, Inc. (Los Angeles), reports plant power savings as high as 20%, resulting from its electrical power surveys and hypot (high potential) testing methods. The company surveys electrical distribution systems, improves plant production efficiency, reduces power consumption to cut power and production costs.

Mexico Makes Attempts To Steady Export Rates On Volatile Commodities

Washington—Mexico is working hard on a no nonsense commodities "insurance policy" plan to present at the upcoming alliance for progress and regional economic meeting in Montevideo. The plan would cover fluctuating prices in lead and zinc as well as all other major Latin American commodity exports.

What the Mexicans and many other Latin American governments would like is a chance to comply with President Kennedy's desire for a reasonable plan to steady their economies over at least a 10-year period. The complaint in several Latin American capitals has been that their economists cannot do any reasonable long-term planning if such items as lead, zinc, cotton, and other exports cannot be charted with steady prices.

However, the Mexicans claim that straight insurance philosophy and techniques might be applied to guard against big commodity drops in the future. Participating countries would pay for this insurance and would receive "compensation" if, say, the price of lead took a dive. If, over the years, a price in a non-metallic mineral such as sulphur went up, some device for putting money back into the kitty could be arranged.



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CAB Moves to Promote Air Freight Business

Washington—The Civil Aeronautics Board, anxious to promote the use of air freight, is exploring two possible steps that would enable carriers to make rates more attractive.

In two actions last week, the board:

- Called an informal conference of the 12 trunk airlines and the three all-cargo carriers to hear a proposal by the Flying Tiger Line for a "new approach" to the principles of air cargo rate-making.

- Ordered oral arguments next Friday (Aug. 4) on its tentative decision to revoke minimum rates on air freight which have been in effect for more than 12 years.

Flying Tiger, in seeking the informal conference, said it feels that the time has come for overhauling the principles that underlie both classification of air freight and the computation of rates. A spokesman said the line would present "a new format representing quite a break with the past."

The board agreed to call the conference with the understanding that there would be an exchange of views among the airlines, but no commitments on the Flying Tiger proposal. It said no agreements would be reached at the meeting affecting rate levels.

In its other action, the board noted that divergent views had been expressed by airlines, shippers, traffic organizations and freight forwarders on its proposal to revoke minimum air freight rates.

The board tentatively decided in February to revoke the minimum rates. It said that with the introduction of new jet-powered all-cargo planes and the availability of large numbers of outmoded propeller-driven passenger planes for freight, the air-

line industry was about to enter a new era in the carriage of freight. With the prospect of lower operating costs and greatly expanded cargo capacity, the carriers should be given more rate flexibility, the board said.

This tentative decision was not unanimously welcomed, however. Six of the domestic trunk carriers—Delta, Eastern, National, Northwest, Trans World, and United—said the minimum rates should be continued pending actual experience with the

new jet-powered cargo planes. Flying Tiger and Slick favored elimination of the minimums, but Riddle wanted the revocation to apply only in limited cases.

The board said that in view of these and other conflicting views it would hold a hearing to determine whether it should revoke the minimum rate order immediately or institute an evidentiary hearing on the question and whether the existing minimum rates should be suspended pending such an investigation.

ICC Grants Moran Towing Company Permit to Start Great Lakes Service

Washington—The ICC gave Moran Towing & Transportation Co. permission to launch a new general freight service on the Great Lakes, utilizing connecting waterways such as the St. Lawrence Seaway route and the New York State Canal.

At the same time, the ICC denied the applications of seven other companies which had sought substantially identical authority.

Moran said it would commence

operations with two 211-ft. barges, and would construct a barge especially for the movement of containerized cargo.

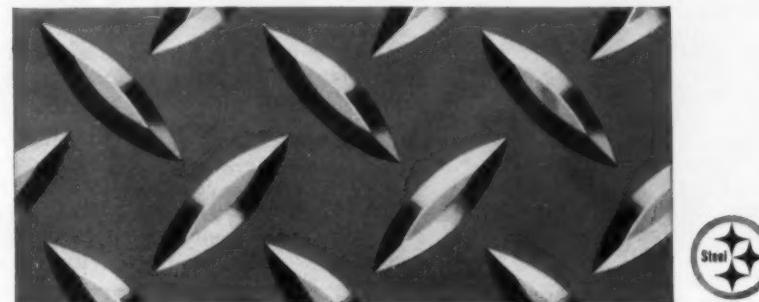
The ICC overruled an examiner's previous disapproval, stating there was a need for water carrier single-line service to transport paper from Bucksport to Chicago, rubber from New York City to Cleveland, Toledo, and Detroit, and boats from Bristol, R. I., to points on the Great Lakes and connecting waterways.

FTC Asking for Access To Grand Jury Records On Electrical Concerns

Washington—The Federal Trade Commission has jumped into the federal government's fray with the electrical equipment makers. The FTC went into court in Philadelphia last week and petitioned for access to secret grand jury testimony. The grand jury record, the FTC believes, may contain evidence that major electrical companies violated price-fixing cease and desist orders won by the FTC in 1937.

The Trade Commission charges against the companies are similar to those filed last year by the Justice Dept.: that makers of condensers and turbine-generators conspired to fix prices and submit rigged and non-competitive bids on equipment in secret bidding.

The FTC's petition to the Philadelphia court said the commission believes transcripts of grand jury testimony which led to the indictment on June 29, 1960 of turbine-generator and condenser makers, may contain evidence that these companies were violating the 1937 cease and desist orders against them. The FTC said it was interested in this evidence "in furtherance of its own lawfully authorized investigation of compliance with its orders to cease and desist."



SUPER SAFETY

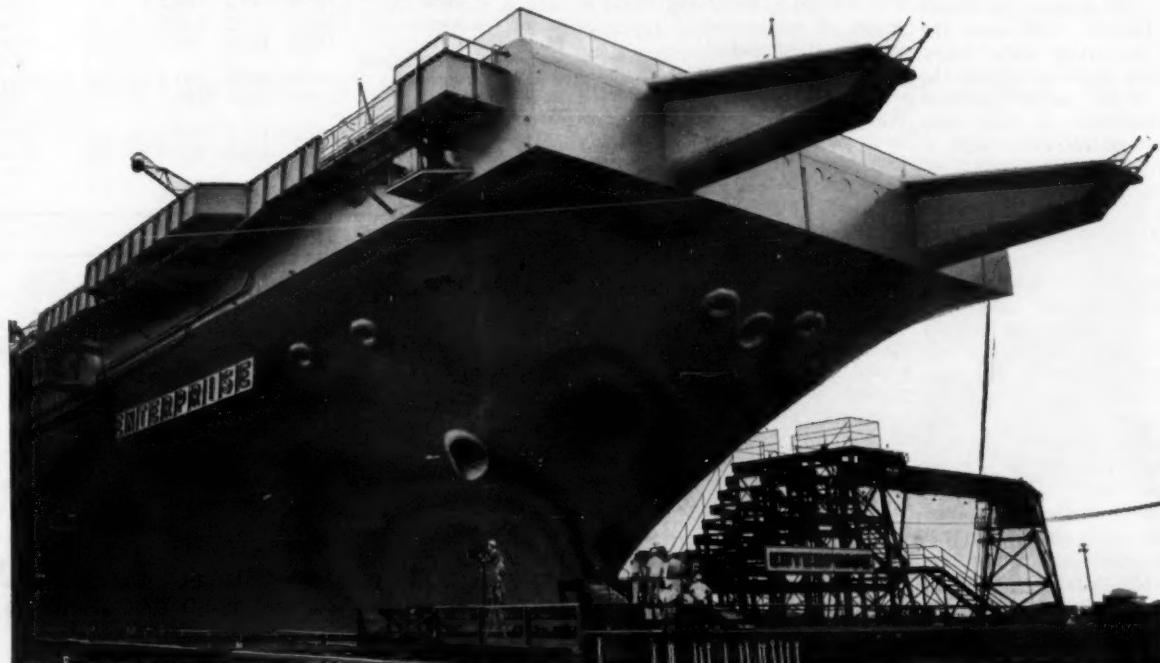
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IBM Creates New Components Div. To Make Parts Previously Bought

New York—International Business Machines Corp. has created a new Components Div., which will manufacture some types of components for data processing equipment that IBM up to now has bought from outside suppliers.

But company officials stressed that the switch to more internal manufacturing will be "gradual" and that "no immediate changes" in vendor relationships are anticipated.

The new unit was formed by raising the company's components group, which was part of the Data Systems Div., to divisional status. Dr. John W. Gibson has been named general manager of the new organization, which has headquarters in Poughkeepsie, N.Y.

Dr. Gibson stressed that, "while we will be doing more manufacturing as time goes on, we plan to move into this area slowly. The new division will analyze the various components which IBM uses and a 'make or buy' decision will be made on each item." About 30 companies now supply IBM with components, he said.

Harry Moore, director of purchasing, also emphasized that there will be no big changes in buying practices right away. "For the foreseeable future," he said, "IBM will continue to procure

New Air Weight-Breaks Reduce Cargo Charges On Trans-Pacific Flights

New York—A new system of weight-breaks for air cargo shipped across the Pacific has been approved by the International Air Transport Assn., trade organization for the world's airlines.

The Pacific system, which is similar to the one recently approved by the airlines for North Atlantic flights, will have the effect of lowering some rates. The airlines hope to obtain the approval of the various governments concerned so that both systems can go into effect Sept. 1.

The proposed structure for the Pacific has seven weight-breaks. They are at 45 kilo, 100 kilo, 250, 500, 1,000 (eastbound flights only), 2,500 and 7,500 kilo levels. A kilo equals 2.2 lb.

The current Pacific cargo rate structure has only five weight breaks: 45, 250, 500, 2,500 and 10,000 kilos. Rates at the new 100 and 1,000 kilo levels are between existing levels, while the rate at the proposed 7,500 kilo level is the same as the present 10,000 kilo rate.

Introduction of the new breaks means that some shipments will be able to move at lower rates. For example: Under the existing system, a 150 kilo shipment from the West Coast to Tokyo would move at \$3.61/kilo, the rate for the 45-250 kilo bracket. Under the proposed structure, this shipment would fall in the new 100-250 kilo bracket and would be able to move for \$3.15/kilo.

There are relatively few specific commodity rates for Pacific flights, so the new weight structure will apply to most shipments.

many components from outside suppliers and will make future commitments whenever this can be done advantageously."

IBM already makes most of its own magnetic cores and some transistors, but does not make any of the diodes, resistors, or capacitors it requires. The new division will be responsible for supplying the rest of the corporation with these components, either through outside purchases or by developing and manufacturing them itself.

New Computer System At Westinghouse Cuts Order Process Time

Pittsburgh—Westinghouse Electric Corp. has set up a computer system at its Apparatus Div. here which can process in 30 minutes an order that formerly took four to six days to handle.

The company said processing time will be reduced still further next October when a new IBM RAMAC 1401 computer will be installed at the center in place of two small models now in use.

Westinghouse is considering setting up similar systems for other company divisions.

The computer center is expected to save the company over \$1-million by reducing clerical and warehouse needs and by making it possible to slash inventory.

Norton Company Experts Launch Project to Widen Use of Abrasive Wheels

Worcester, Mass.—Norton Co. has assigned experts in its abrasive Div. a project to develop further information on the subject of abrasive machining. Idea is to investigate the use of abrasive wheels in removing metal in place of conventional types of metal cutting tools.

According to Norton, primary work already has demonstrated that many metal-working operations can be done more quickly and more cheaply by using abrasive wheels to remove heavy amounts of metal in operations previously thought to be suitable in milling machines, planers, and shapers.

The project will be under the direction of a new department responsible for developing new products, screening market ideas, market research, and initial economic and financial analysis of these proposals.

Rhone-Poulenc to Unify French Fiber Industry

Paris—Nearly all of France's man-made fiber production will be controlled by a single company, chemical giant Rhone-Poulenc, as the result of a projected financial operation through which Rhone-Poulenc will absorb 80% of Celtelex, a leading French rayon and staple fiber producer.

Among other Celtelex assets, Rhone-Poulenc will take over the 50% interest the company holds in Rhodiacaeta, thus making it a wholly owned Rhone-Poulenc affiliate.

Buell Negotiates to Sell Die & Machine Business

Detroit—Buell Die & Machine Co. said it has stopped making tools and dies because of "heavy losses, low backlog of work, and unfavorable prospects for an improvement in the company's business."

A company spokesman said Buell is negotiating to sell its tool and die business to a group that would operate its 100,000 sq. ft. plant here.

Control of the company was acquired recently by Mr. and Mrs. John Largay, the major stockholders in Anchor Products, Inc., and Anchor Fasteners, Inc.

French Electronic Firm Opens New York Office

New York—A major French electronic firm has opened a sales office here. The firm, SAMES (Societe Anonyme de Machines Electrostatiques), Grenoble, makes a broad range of nuclear and electrostatic products, including high voltage power supplies, particle accelerators, and electrostatic spray equipment.

Ryerson to Handle Slabs Of Prestressed Concrete

Chicago—A major steel service center, Joseph T. Ryerson & Son, Inc., is branching out into the prestressed concrete business.

Company President Charles L. Hardy said Ryerson will provide prestressed concrete lift-slab construction through its Construction Material Div. He said Ryerson probably will subcontract the actual pouring of the concrete, and that to start, the service will be available to customers only in the Midwest.

Ryerson will use the Youtz-Slick method of erecting the prestressed slabs. Under this system, the slabs are poured at the base of the steel framework of the building, then pulled up into position by means of threaded rods and hydraulic jacks mounted on top of the building columns.

Hardy predicted that the increasing use of prestressed concrete in the U.S. will give a tremendous boost to the lift-slab method of construction. Adolf Walser, chief engineer, post-tensioning for Ryerson, added that the method can do much to provide safer and stronger buildings for less money.



PRESTRESSED CONCRETE: Jacks raise each floor in lift-slab method to be used by Ryerson.

County Tries Joint Buying

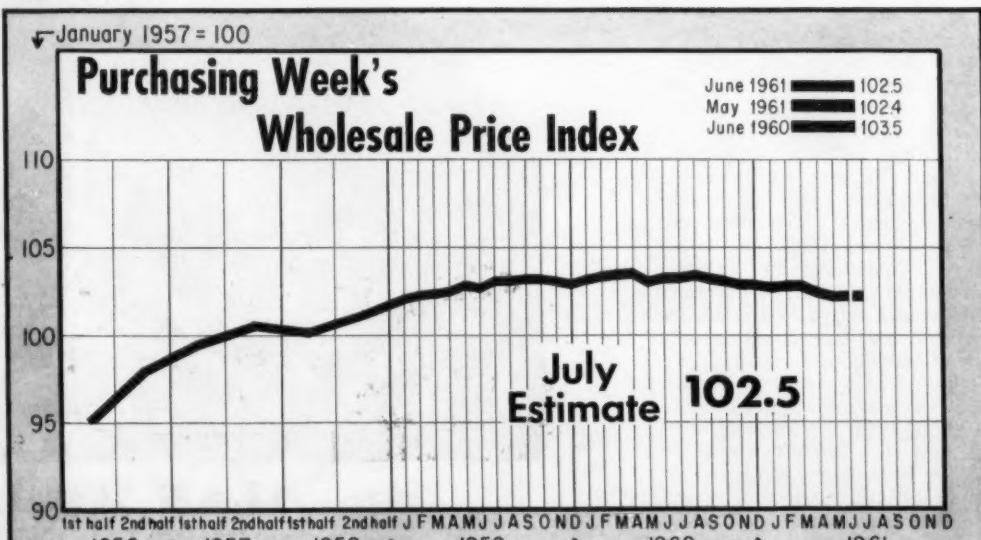
Jackson, Miss.—Hinds county, which includes the state's capital, will establish a central purchasing agency. It will begin operations Oct. 1.

According to county supervisors, the new agency will bring savings of \$15,000 on each \$100,000 now spent by county agencies. Major part of the savings is expected to come through bulk buying.

Included in the plan are the county's health department, welfare, farm program, and janitorial service.

This Month's Industrial Wholesale Price Indexes

| Item | Latest Month | Month Ago | Year Ago | % Yrly Change | Item | Latest Month | Month Ago | Year Ago | % Yrly Change |
|---------------------------------------|--------------|-----------|----------|---------------|--|--------------|-----------|----------|---------------|
| Cotton Broadwoven Goods | 96.4 | 96.5 | 104.1 | -7.4 | Pumps & Compressors | 112.7 | 112.7 | 112.3 | +3.4 |
| Manmade Fiber Textiles | 91.5 | 91.8 | 97.0 | -5.7 | Industrial Furnaces & Ovens | 122.5 | 122.5 | 121.3 | +1.0 |
| Leather | 118.0 | 118.0 | 116.8 | +1.0 | Industrial Material Handling Equipment | 108.2 | 107.8 | 105.9 | +2.2 |
| Gasoline | 97.6 | 94.5 | 94.8 | +2.9 | Industrial Scales | 115.7 | 115.7 | 115.7 | 0 |
| Residual Fuel Oils | 80.1 | 80.6 | 78.8 | +2.9 | Fans & Blowers | 104.7 | 104.7 | 104.5 | +2 |
| Raw Stock Lubricating Oils | 111.9 | 111.9 | 108.4 | +3.2 | Office & Store Machines & Equipment | 105.4 | 105.5 | 105.0 | +4 |
| Inorganic Chemicals | 104.0 | 104.1 | 103.3 | +.7 | Internal Combustion Engines | 105.2 | 105.2 | 103.9 | +1.3 |
| Organic Chemicals | 96.0 | 96.8 | 99.7 | -3.7 | Integrating & Measuring Instruments | 121.6 | 121.6 | 120.2 | +1.2 |
| Prepared Paint | 106.7 | 106.7 | 103.4 | +3.2 | Motors & Generators | 97.3 | 97.3 | 101.4 | -4.0 |
| Tires & Tubes | 93.0 | 93.0 | 92.8 | +2 | Transformers & Power Regulators | 90.6 | 89.9 | 97.2 | -6.8 |
| Rubber Belts & Belting | 110.5 | 110.5 | 105.5 | +4.7 | Switch Gear & Switchboard Equipment | 105.4 | 105.5 | 106.6 | -1.1 |
| Lumber Millwork | 104.1 | 103.7 | 106.4 | -2.2 | Arc Welding Equipment | 104.0 | 104.0 | 108.1 | -3.8 |
| Paperboard | 94.6 | 94.6 | 99.8 | -5.2 | Incandescent Lamps | 131.6 | 131.1 | 130.9 | +.5 |
| Paper Boxes & Shipping Containers | 92.4 | 92.4 | 105.2 | -12.2 | Motor Trucks | 105.6 | 105.6 | 106.2 | -.6 |
| Paper Office Supplies | 103.5 | 103.5 | 102.5 | +1.0 | Commercial Furniture | 106.1 | 106.1 | 106.7 | -.6 |
| Finished Steel Products | 108.5 | 108.8 | 109.1 | -.5 | Glass Containers | 104.4 | 104.4 | 103.3 | +1.1 |
| Foundry & Forge Shop Products | 108.3 | 108.4 | 108.4 | .1 | Flat Glass | 97.3 | 97.6 | 95.9 | +1.5 |
| Non Ferrous Mill Shapes | 95.0 | 94.9 | 100.0 | -5.0 | Concrete Products | 104.5 | 104.5 | 104.5 | 0 |
| Wire & Cable | 87.8 | 87.9 | 90.4 | -2.9 | Structural Clay Products | 107.3 | 107.2 | 107.4 | -.1 |
| Metal Containers | 106.2 | 106.2 | 104.3 | +1.8 | Gypsum Products | 105.9 | 105.9 | 104.7 | +1.1 |
| Hand Tools | 113.6 | 113.6 | 112.2 | +1.2 | Abrasives Grinding Wheels | 94.4 | 94.4 | 94.8 | -.4 |
| Boilers, Tanks & Sheet Metal Products | 101.5 | 101.6 | 102.5 | -1.0 | Industrial Valves | 115.2 | 115.2 | 117.1 | -1.6 |
| Bolts, Nuts, etc. | 112.1 | 112.1 | 106.3 | +5.5 | Industrial Fittings | 89.9 | 89.9 | 92.6 | -2.9 |
| Power Driven Hand Tools | 111.2 | 111.2 | 108.6 | +2.4 | Anti-Friction Bearings & Components | 89.2 | 89.2 | 91.9 | -2.9 |
| Small Cutting Tools | 115.5 | 116.3 | 119.0 | -2.9 | | | | | |
| Precision Measuring Tools | 113.2 | 113.2 | 109.5 | +3.4 | | | | | |



SEASONAL INCREASES in gasoline prices (they rose 3.3% over the latest month) are responsible for the latest fractional rise in PW's industrial price index. In addition to the gasoline boost, small rises were reported in lumber millwork, material handling, light bulbs and transformers. On the

downdraft were manmade fiber textiles, residual fuel oil, organic chemicals, finished steel products, small cutting tools, and flat glass. Sluggish summer movements should keep the index steady through July and most of August. But better demand could firm prices by September and possibly show an upturn.

Industry News in Brief

Du Pont Boosts Output

Wilmington, Del.—Du Pont Co. said it will step up production of titanium dioxide pigment by 30% over the next 12 months at its New Johnsonville, Tenn., plant. The facility now produces about 45,000 tons of the white pigment annually.

IT&T to Buy

New York—International Telephone & Telegraph Corp. plans to make American Cable & Radio Corp. a wholly owned subsidiary by acquiring the rest of its outstanding stock. IT&T already owns 56.55% of the stock of American Cable.

Ancon Chemical Formed

Chicago—Ansul Chemical Co., Marinette, Wis., and Continental Oil Co., Houston, have formed a joint subsidiary to produce methyl chloride. The new firm, Ancon Chemical Corp., will operate a plant to be built in Lake Charles, La., with an annual capacity of 60-million lb.

Cement Mill Enlarged

Detroit—National Gypsum Co. has announced long-term plans for doubling the capacity of its Huron Portland cement mill at Alpena, Mich. The company said it will spend \$72-million over the next 14 years to increase the mill's capacity, which now stands at 12-million bbl./yr.

GE Moves Office

San Francisco—General Electric Co. has moved its district office serving independent wholesalers of electronic components to San Francisco from outlying San Mateo. The office serves the northern California and eastern Nevada area.

C-E Adds Lines

Dallas—Continental-Emsco Co., a division of Youngstown Sheet & Tube Co., has made arrangements to represent products of Besly-Welles Corp., South Beloit, Ill., and Wheel Trueing Tool Co., Detroit. C-E will carry the line of tapes, X-press tapes, gages, drills, reamers, and end mills by Besly-Welles, and the industrial diamonds, diamond tools, and diamond dressing devices of Wheel Trueing.

Hermetic Names 2 Reps

Rosemead, Calif.—Hermetic Pacific Corp. has appointed two new manufacturers representatives in California: Romes Engineering Co., San Diego, and Cerutti & Associates, Redwood City. They will provide field engineering services for the company's hermetically and non-hermetically sealed electronic components.

Wheeling to Build

Wheeling, W. Va.—Wheeling Corrugating Co., principal subsidiary of Wheeling Steel Corp., said it will build a \$500,000 steel culvert and bituminous dipping plant at Jeffersonville, Ind. The plant will supply company warehouses in Columbus, Detroit, and Louisville.

Suntide to Expand

Tulsa, Okla.—Suntide Refining Co. will build a new petrochemical facility in Corpus Christi, Tex., capable of producing 330 barrels of ethylbenzene daily. Suntide is a wholly owned subsidiary of Sunray Mid-Continent Oil Co.

Center to Serve N.Y.

Rome, N.Y.—Lake Ontario Portland Cement Co., Ltd., of Toronto, will open a \$2-million

cement storage and distribution center here this fall to serve central, eastern, and northern New York. The new facility will be operated by a wholly owned subsidiary, Mohawk Valley Cement Co., Inc.

Lucas Supply Named

Mantua, Ohio—Samuel Moore & Co., Inc., Newark, Ohio, master distributor for the complete line of nylon industrial hose and polyethylene, vinyl, and nylon

tubing made by its Synflex Products Div.

BIF Sold

New York—New York Air Brake Co. has acquired BIF Industries, Providence, R. I., a manufacturer of automatic flow control equipment. New York Air Brake said it will operate BIF as a company division.

Chas. Pfizer to Buy

New York—Chas. Pfizer & Co., Inc., a major pharmaceutical house, plans to diversify its operations by acquiring New England Lime Co., Adams, its manufacturing center here.

Warehouse Opened

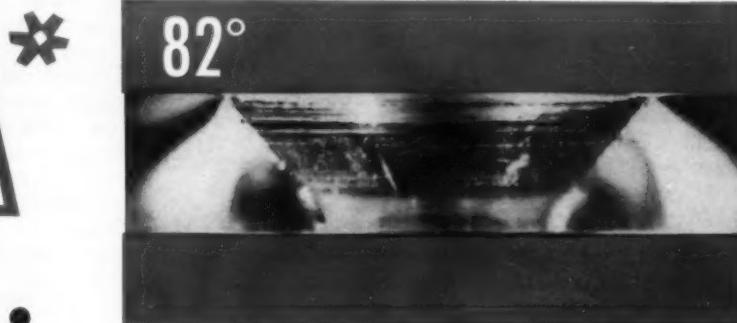
Miami, Fla.—General Bearing Co., Inc., West Nyack, N. Y., has opened a new warehouse here. The company said most orders for unground bearings will be supplied directly from stock at the new facility.

Ethyl Boosts Capacity

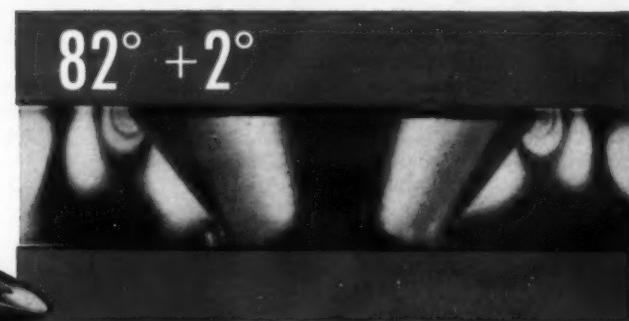
Baton Rouge, La.—Ethyl Corp. has completed a new methyl chloride unit with a capacity of about 25-million lb./yr. at its manufacturing center here.

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proves it...

this Allen
Flat Head
Cap Screw has
complete
all-around
head contact



PQA makes it certain that an Allen Flat Head Cap Screw has contact throughout the angle of the head with the mating countersunk hole. This assures the strongest possible fastening. In this photo, made with polarized light, you can see the stress points throughout the chamfer.



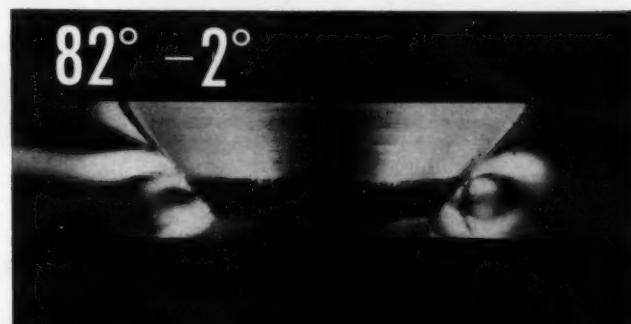
Industry standards allow a tolerance of +2° in the head angle. Allen Flat Heads manufactured to this tolerance have greater bearing at the top of the head—shown by the stress patterns in this polarized light photograph.

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Industry also allows a tolerance of -2° in the head angle. But Allen does not utilize this negative tolerance. The reason—it is entirely possible to have head seating efficiency reduced because of excessive interference in the head-shank area. The photo shows high bearing stress in this area—with risk of breaking prematurely.

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Vol. 4, No. 31

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Management Memos

The Gentle Art of Murder

Executives who spend sleepless nights worrying over competition from their subordinates would do well to ponder the advice given in an article "How to Kill a Good Executive," by Roy Pearson.

Writing in *Think Magazine*, Pearson describes five sure-fire techniques for doing away with subordinates who are either too ambitious or too efficient for comfort. The methods have one thing in common—they will eliminate the troublesome executive with a minimum of fuss, while leaving almost no blood on the carpet.

Naturally, every executive will have his own preference, depending on the character of the victim he has selected, as well as on his own skill, imagination, devotion to detail, patience (or lack of it), and ability to follow through. Here are Pearson's five ways of disposing of a good executive:

• Cut off his head. This technique consists of depriving the victim of all the information he needs to do a good job by keeping him so busy that he has no time to think, or by making him feel guilty unless he's always on the go. The advantage of this one is that it allows the victim to move around for a while, although for all intents and purposes, he's dead from the neck up.

• Pull him apart. This is the technique of getting a man started on one project after another, never allowing him to complete any of them. At the same time, it's necessary to fan his enthusiasm for each project, and stimulate his imagination with word pictures of the wonderful advances that are to be made in each particular field. There are a number of variations of this technique, the most effective of which is to keep transferring him from one

city to another as soon as he gets dug in. Although this method may seem too slow for the impatient executive, it always produces results.

• Strangle him. This technique allows two approaches—direct and indirect. The direct approach consists of taking away his secretary, or losing his reports, or leaving him out of staff conferences. The indirect approach consists of a few well-planted rumors, skillfully phrased in the form of questions to protect the planter against charges of slander. "The material of your rope is of little consequence," Pearson points out, "and you can make the noose in your own way. But pull it tight, hold on firmly, and you'll see his eyes begin to bulge."

• Wear him down. This is the brainwashing technique and it has the advantage that it leaves no marks on the body. It consists of piling one frustration on top of another, until the skin is scraped off his soul. For example, make him the errand boy of the office, plan a heavy travel schedule for him, assign him the least productive territory—the list of frustration is endless. But keeping him hopping—and in the end he's sure to be worn down.

• Poison him. This method must be handled with extreme discretion, Pearson cautions, because it can easily backfire. The aim here is to inject a lethal dose of cynicism into his blood, by destroying his confidence in the company, wiping out his faith in human nature, leading him to distrust his own associates, and making him doubt his own judgment. It's all accomplished by dropping sly words and hints, using just the right intonations and facial expressions.

Personal glimpses of P.A.'s as they march by in the news



In this modern push-button world of ours, more and more P.A.'s are getting away from it all by turning to do-it-yourself projects for their pleasure and relaxation.

Roger S. Josselyn, new president of the P.A.'s Assn. of Buffalo, has built a complete hi-fi stereo outfit, and turns out such cabinet work as a bedroom furniture set.

Director of the Electrical/Electronic Purchasing Section of Westinghouse Electric Corp. (Buffalo, N.Y.), Josselyn also has just become the proud owner of a fiberglass "Tallstar" sailboat. Besides golf and water skiing, he participates in his community theater and the local toastmasters club.

Just as active inside the purchasing profession as he is outside, Josselyn has been on the Professional Development Committee of the Buffalo Assn. four years, director for two; organized a course in "Human Relations in Purchasing" at University of Buffalo; helped organize two "Purchasing Technique" courses; and directed and par-

ticipated in a local TV panel, now filmed and available for other associations.

New western division P.A. for Libby, McNeill & Libby (San Francisco), **Lorne J. Campbell**, also finds time to kick around a few do-it-yourself jobs—if the weather doesn't call for a golf game.

As handy with tools as he is with purchase orders, new P.A. for **Sawyers, Inc.** (Portland, Ore.), **William J. Kirby**'s major building accomplishment was construction of his own spacious ranch home. It was a well-filled order—he has four children.

Much of the furniture and knick-knacks around the home of **Charles Yartz, P.A.**, at **Sims Co.** (Erie, Pa.) are the product of his woodworking talents. "It'll give me something to do when I retire—if I ever do," says Yartz, after 25 years at Sims.

Russell W. Brown and **Joseph B. Fleming**, both 20-year veterans with **Braniff International Airways** (Dallas)

who were recently promoted to Senior Buyers, share mutual interests.

They were both Air Force sergeants during W.W. II, with Brown serving in the China-Burma-India theater and Fleming with a bomber group in England. Both also share woodworking as a hobby, with Brown specializing in ceramic tile and Fleming a general do-it-yourself fan.

Two P.A.'s with a different twist to their pastimes are:

Stewart Wackel, new Assistant P.A. at **Xerox Co.** (Rochester N.Y.), who recently bought a new home and, once he gets his new lawn established, hopes to find a fencing club where he can do some of the officiating of bouts that he enjoys.

Robert W. Young, new P.A. at **Chambersburg Engineering Co.** (Chambersburg, Pa.) is one of the best ping-pong players in that area. His company no longer sponsors departmental tournaments since Young would just keep winning them all with ease year after year.

CHAMPION P.A.: Russ Petreat, P.A. for the City of Green Bay, Wis. has really been pulling in the trophies lately.

Seen above with his partner, Robert Wochenski (right), Petreat (center) accepts this year's first place trophy after winning the Class A doubles handball championship at the Green Bay YMCA. He also won the same tournament last year, but with the new crop of youngsters coming up with handball at the Y, he's not so sure how his luck will hold for next year—the competition is getting rougher.

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Purchasing Week Asks

Do you feel purchasing gains or loses stature in a materials management setup?

J. H. McDowell, Jr., purchasing agent, Dixie Mercerizing Co. (yarns), Chattanooga, Tenn.:

"It seems to me this will always depend on purchasing's performance. I feel purchasing might well have an opportunity to better its performance provided the material manager is on the top policy-making vice president level. Such a situation might eliminate some of the problems outside purchasing (in its literal sense) that many of us face now. For instance, better inventory control through better material management could give purchasing a better chance to concentrate on the work that really counts and increase its contribution to corporate profits."

J. A. McCarthy, purchasing agent, Atlas Tack Corp., Fairhaven, Mass.:

"Under the concept of materials management to which I have been exposed, the purchasing agent tends to become a requisition processor with no responsibility for raw material inventory and quite generally does not have to be as high caliber an individual as is now necessary. It kills his incentive and resourcefulness. It seems ridiculous where materials are actually money and the purchasing agent in the average company is responsible for spending 60% of the annual sales figure, that he should be relegated to a state of impotence."

M. M. Markiewicz, manager—material control and purchasing, Semiconductor Products Div., Motorola, Inc., Phoenix:

"The exciting field of purchasing no longer is limited to buying. A complete materials management responsibility organization with the necessary authority does much to control inventories, reduce cost, and provide the necessary materials to the users as required. The question of purchasing gaining or losing stature depends entirely on the net results of the program. A well-defined plan and internal cooperation are the keys to a successful materials management program."

W. J. Roemer, director of purchases, Acushnet Process Co. (molded rubber parts & specialties), New Bedford, Mass.:

"The coordination of materials is by no means a new subject in the realm of purchasing. If the trend is toward materials management, it will tie in purchasing closer to operations that will include manpower and machines. If purchasing maintains the upper hand, it has nothing to lose. On the other hand, if the purchasing trend is to divorce itself from operations and place its emphasis on selling its company's dollars, it will gain via marketing direction. Regardless, purchasing must emphasize profit."

G. A. Jackson, director—administrative services, Champion Paper & Fibre Co., Hamilton, Ohio:

"We believe that the materials management approach highlights the very aspects of the purchasing program that are of greatest potential to the organization. Rather than emphasizing routine order-placing and administrative activities, the materials management concept focuses attention on the vital cost reduction, value analysis, and profit planning responsibilities of a strong purchasing department."

A. J. McNeill, division purchasing agent, Naugatuck Chemical, Div. of United States Rubber Co., Naugatuck, Conn.:

"If the purchasing agent reported to a materials manager, the purchasing department would lose stature. Even though the purchasing agent became the materials manager, the purchasing department would not particularly gain in stature by assuming the additional responsibilities. Purchasing's responsibility remains obtaining the most attractive arrangement with quality, service, and price as the criteria."



CENTRAL MICHIGAN ASSN. New slate of officers for the 1961-62 term includes: (seated, l-r) Clyde S. Dockey, Mid-West Abrasive Co., natl. dir.; Hugo Bonninghausen, Aeroquip Corp., pres.; (standing) Brough B. Robart, Schaberg-Dietrich Div., George Worthington Co., 1st v.p.; George W. Barratt, Thompson-Ramo-Wooldridge, 2nd v.p.; and Donald J. Bryhan, Michigan State Highway Department, treas.

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SIX KEY RATIOS TO RATE VENDOR PERFORMANCE

RATIO

1. Direct and Indirect Labor Cost
Sales in Dollars

WHAT IT TELLS YOU

This total payroll cost to sales figure indicates the effort to generate that amount of business. A high trend shows a lot of in-house manufacturing; a low trend means they "buy" or subcontract, or are an engineering firm as opposed to a manufacturer with a big labor force and administrative staff.

2. Indirect Labor
Direct Labor

The ratio both in terms of dollars and number of people shows the contractor's mix of direct (hourly work on the contract) and indirect (support services like quality control and supervision); may show efficiency of factory management; middle-management salaries; and the way payroll costs have been shifted between the categories.

3. General and Administrative Expense
Sales in Dollars

This represents "front office" expense and can include almost anything that accountants want to put into it—executive salaries, sales expenses, paperwork costs, the president's limousine, and the like. It varies greatly between companies so don't compare between firms—look for a trend within one company.

4. Manufacturing Overhead
Sales in Dollars

This includes manufacturing costs beyond operating cost and direct and indirect labor. Changes in the ratio indicate how maintenance, inspection, heat and power, depreciation, and insurance are allocated. A high trend shows heavy costs associated with volume manufacturing. But if in-plant production is low, and overhead stays up, it indicates that cost cutting may be in order.

5. Engineering Overhead
Sales in Dollars

Shows the support expenses necessary to run the engineering department—the chief engineer's and project supervisors' salary, clerks, computation costs, office rent, heat and power. Shows whether expenses are in line with engineering effort needed to support the volume of sales, whether engineers are being hoarded, or incorrectly charged on your contract.

6. Profit before Taxes
Sales
Profit before Taxes
Net worth

Reflects the profitability of business, but should not be used as sole criteria that profit is too high or margins should be slashed in negotiating. These ratios, taken with overhead and labor ratios, indicate general efficiency of management in securing return on investment.

AIR FORCE SHOWS HOW TO RECONNOITE

Barometers Help Pinpoint Whether Supplier Is Doing His Best to Cut Your Costs



Closer relations with vendors are becoming common in purchasing and subcontracting, and it's more essential than ever that the procurement man have intimate first hand knowledge of his vendor's plant, equipment, engineering capability—and now financial performance.

Sole-source defense purchases, major long-term component contracts in industrial purchasing, and contract buying with distributors (see story, page 1) virtually make suppliers part of your company.

Cost analysis, such as used by the armed forces, major auto and appliance companies and prime contractors, gives part of the answer. But, there's a misplaced emphasis on using cost analysis to find overweight profit margins.

What's needed, says Lt. Col. Robert H. Ammon, Chief of Pricing for The U.S. Air Force Eastern Contract Management Region, Olmsted AF Base (pictured at left with staff), Pa., is an over-all trend analysis using financial ratios and overhead rates to show the effort the vendor is making to reduce your costs. Profit, then, is his reward for saving you money. This partnership view of financial performance is necessary in situations where the Air Force is "locked in" with a contractor on a sole-source or cost plus fixed fee contract. Both parties get maximum return on their dollars when they work together to keep overhead costs at a minimum.

Likewise, says Ammon, "in commercial industries there's an upward trend of wages and overhead expenses—but generally a market price lid is on. This makes it essential for the industrial buyer to learn to watch more than the traditional components of cost—direct labor, raw material and administrative expense."

Ammon has developed a set of barometers that give an indication of the effort that the contractor is putting out to control costs. These gages go beyond the normal individual cost figures, and show trends in overhead and payrolls.

These ratios can show major changes in cost allocations and how suppliers charge for inspecting, testing, engineering, and other direct and indirect labor expenses. They also show the amount of make-or-buy that the supplier is doing, his executive salary policy, changes in the engineering and administrative staff, allocation of fixed charges such as insurance, depreciation, heat, light and power. The trends in these ratios show whether the company is concentrating on manufacturing or is becoming an assembler of components—or a development outfit.

"There's nothing at all new here," Ammon says. "We've just been insisting on the use of established cost principles which have been neglected. How can a negotiator buy intelligently, especially when he is locked in with a vendor on long-term contracts if he doesn't know the company's past record and projected performance on overhead, labor force, make or buy policy, and general company efficiency?"

The key performance ratio described above, and the accompanying trend data sheet and graphical plots are similar to the tools used for years by security analysts or bank credit investigators to size up a company. Ammon combined these with overhead analysis from his price accounting experience when he was Chief of Contracts for the New York Air Procurement District.

SIX-YEAR TREND ANALYSIS SHOWS EFFICIENCY PATTERN

| | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 |
|--|----------|----------|----------|----------|------------|------------|
| MANUFACTURING OVERHEAD | | | | | | |
| Rate as % of Direct Labor Dollars | 174.7% | 203.8% | 171.4% | 158.1% | (161.7%) | (142.7%) |
| Negotiated Rate | 173.8% | 201.8% | | | 158.0% | |
| ENGINEERING OVERHEAD | | | | | | |
| Rate as % of Direct Labor Dollars | 136.4% | 115.5% | 114.3% | 117.4% | (152.4%) | (160.2%) |
| Negotiated Rate | 129.8 | 110.6 | | | 133.0 | |
| GENERAL AND ADMINISTRATIVE | | | | | | |
| Rate as % of Direct Labor Dollars | 5.9% | 7.1% | 8.6% | 9.5% | (9.2%) | (8.9%) |
| Negotiated Rate | 5.0% | 6.9% | | | 8.8% | |
| SALES | | | | | | |
| Actual (000's Omitted) | \$86,215 | \$95,290 | \$85,623 | \$82,684 | (\$87,792) | (\$87,847) |
| % Direct Labor of Sales | 15.0% | 15.2% | 20.7% | 20.2% | 21.5% | 23.6% |
| % Indirect Labor of Sales | 12.1% | 12.8% | 16.0% | 16.2% | 16.5% | 16.0% |
| | 27.1% | 28.0% | 36.7% | 36.4% | 38.0% | 39.6% |
| DIRECT LABOR | | | | | | |
| Actual in Dollars (000's Omitted) | \$13,088 | \$14,744 | \$17,391 | \$16,733 | (\$18,848) | (\$20,703) |
| Actual in No. of People | 2671 | 2876 | 2808 | 2803 | 3689 | 3031 |
| INDIRECT LABOR | | | | | | |
| Actual in Dollars (000's Omitted) | \$10,467 | \$12,261 | \$13,696 | \$13,364 | (\$14,452) | (\$14,056) |
| Actual in No. of People | 1891 | 1873 | 1957 | 1972 | 1726 | 1624 |
| % Indirect of Direct (Dollar Ratio) | 80.5% | 83.5% | 79% | 80.0% | 76.7% | 67.9% |
| % Indirect of Direct (Personnel Ratio) | 71% | 65.5% | 69.8% | 70.4% | 47% | 54% |

Figures in parenthesis are forecast, proposed or budgeted estimates.
Other data to examine: material and sub-contract costs, profit and return on investment.

INTER A VENDOR'S PERFORMANCE POTENTIAL

The resulting three-dimensional picture is a dynamic review of vendor performance. "We're looking for the trend of a company," he says. "We don't get excited over what a specific number is, because each contractor has his own accounting system. But when the number goes the wrong way on the basis of a five-year trend, we ask why."

This approach should include a thorough study of a contractor, including general management and organization, projected sales and budgets, cost reduction programs, production methods, estimating systems, and purchasing department review. (see P/W Feb. 6, '61, pp. 18-19). Ammon develops his figures from those supplied by the contractor or by the Air Force Auditing Office.

However, there are many accessible sources for much of the information, such as annual reports, Moody's, Dun & Bradstreet credit reports, security

analysts' studies, and the like. He recommends that P.A.'s talk over the cost structure of vendors with their own cost accountants, engineers, and manufacturing people with similar experience. Often an estimate will do in negotiating.

It's best to use the results when negotiating directly with top management. Ammon has found them willing to expound on their firm's cost-cutting ability—and with the authority to make their promises stick. "It's better to negotiate with the company president, because he has everything under his jurisdiction." Too often the middle management man is trying to protect his cost position, justify his figures, and safeguard his own position.

Ammon developed his system when he was at New York Air Procurement District. He has made presentations at American Management Assn. seminars, and meetings of the New York Assn. of Purchasing Agents.

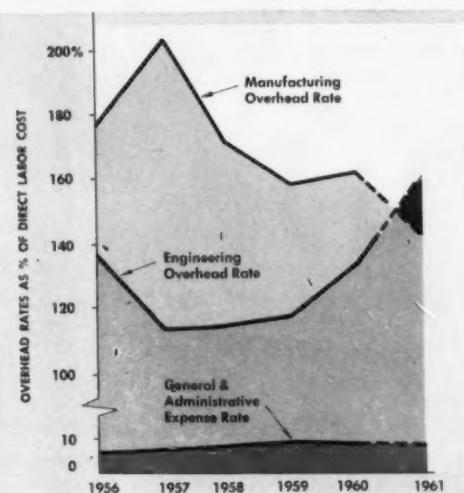
What the Chart Plot and Ratio Trends Show About Your Vendor

1. Direct labor costs as a percentage of sales is up, indicating more manufacturing, more hourly workers, higher wages. Indirect labor cost as a percent of sales has also risen from 1956 levels, but stabilized in 1958-1960, indicating that supervision, quality control, and service functions have been more effective, and the vendor is keeping the size of his management staff.

2. Labor strength figures indicate fairly good control in both direct and indirect categories. But there's a question whether the contractor could meet his budgeted direct labor figure for '61, and why direct labor costs have gone up while strength has gone down. A wage increase may explain it. Though the proportion of indirect to direct cost has gone down, it hasn't dropped as fast as the employee ratio, suggesting that there may still be some fat to be trimmed from the supervisory rolls, or that the type of indirect labor may have changed to include higher-paid inspectors, for example.

3. Manufacturing and engineering overhead rates show opposite trends. Manufacturing is coming down from a 1957 peak, showing that management cost controls have been effective. At the same time, the company is building up R&D through higher engineering charges, possibly working toward future contracts. You may not want to pay for this cost on your contract. Also make sure that there isn't misallocation of costs on manufacturing overhead.

4. General and administrative expenses are creeping up, though it's been possible to negotiate a lower rate in past years. Take a close look at this.



Follow-Up: Letters & Comment

Rejection Rate

(In our July 10 letters column, page 32, D. G. Denver, purchasing agent, Linofilm Corp., Wellsboro, Pa., reported on the firm's quality rating program. He asked for readers' views on whether these figures were below the national average.—The Editor)



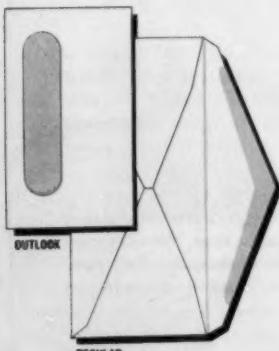
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Freeport, Ill.
I am not sure of the national average for the electro-mechanical industry, but I am sure Mr. Denver's returned-to-source rejection rate of only 0.7% is surprisingly low. It must be well below the average for his industry.

It is well below the average of all manufacturing industries I am personally acquainted with; particularly so, when his average for three months shows 10.32% of incoming shipments not meeting specifications. Of course, I must assume, the .07% returned to vendor figure was obtained by the same formula (number of shipments received divided into number of shipments returned).

This means 10.25% deviated shipments or a ratio of 99% accepted shipments that were originally rejected by Quality Control and the Material Review Board signed off and permitted their use.

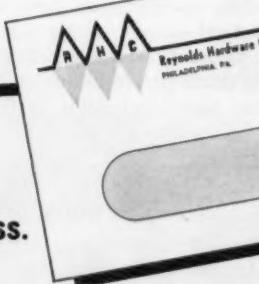
I disagree with Mr. Denver; he and his quality control department have a useful tool. A priority program is mandatory with engineering revising abnormally close print tolerances which are not evidently required for adequate quality in the end product.

This action takes many hours of coordinated efforts between purchasing, vendors, and engineering, but the goal is a rewarding one. Mr. Denver's "cumulative 12.8%" will continue dropping to a normal percentage as fast as his engineering prints are revised.

W. L. Young
Director of Purchases
Micro Switch Div.
Minneapolis-Honeywell
Regulator Co.

The Men's Shop
2145 Main St., Washington, Virginia

hicks, inc.
Sudbury, New York



Local Purchasing Associations Name New Officers in Mid-Year Elections



RALPH H. MAGDEN, purchasing agent for DuKane Corp., St. Charles, Ill., is the new head of the Fox Valley Purchasing Assn.

Where Can I Buy

Tyler, Tex.

Thank you for publishing my letter in your "Where Can I Buy" column.

We received 15 replies and have hopes of being able to obtain the equipment that we are looking for.

Ralph E. Tucker
Purchasing Agent
Frostmaster Co.

Owosso, Mich.

Thanks for publishing my letter on bamboo in the July 3 issue.

Thought you'd be interested to learn that on July 5, I had a phone call and a letter in reply to my inquiry and on Monday, July 10, three additional letters. I am hopeful that by the time I have replies to my further inquiries to these suggestions, my problems will have been solved.

The response has been very gratifying.

Glenn L. R. Baumhardt
Director of Purchases
Redmond Co., Inc.

To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Follow-Up," PURCHASING WEEK, 330 W. 42nd St., New York 36.

New York—New reports of local purchasing groups' elections for 1961-62 include:

Cincinnati

President, John R. Ellis, purchasing agent for Wm. Powell Co.; John G. Krieg, City of Cincinnati, vice president; Clifford C. Oehler, Jones & Laughlin Steel Corp., vice president; Wilbur E. Jung, Waltz-Dettmer Supply Co., secretary; Elmer G. Hoeltge, Hoeltge Bros., Inc., treasurer; Maurice J. Halpin, Wm. T. Johnston Co., national director. Trustees: Lawrence C. Barker, Homan & Co., Inc.; Charles V. Grimm, Pollak Steel Co.; A. J. Schaub, K-D Lamp Div., North Capital Corp. Term starts Jan. 1, 1962.

Oklahoma City

President, William L. Carey, chief of the Support Air Craft Div., Directorate of Procurement & Production, Tinker Air Force Base; R. J. Hood, Republic Supply Co., national director; W. R. Bowman, Oklahoma Publishing Co., 1st vice president; Kenneth Wiggins, Oklahoma State Highway Department, 2nd vice president; Roy Dunn, General Mills, secretary; Brooks Garth, Oklahoma Natural Gas, treasurer.

Southeastern Connecticut

President, Joseph Mirkin, Royal Metal Mfg. Co.; Douglas E. Gray, Electric Boat Div., 1st vice president; Edward J. Frechette, Kaman Aircraft, 2nd vice president; Allan R. Brown, American Thermos Products, secretary-treasurer.

Western Massachusetts

President, Mather F. Harding, E. A. Patten Tube Bending Co.; Leland W. Shaw, C. F. Church Div., American Standard, 1st vice president; Mitchell P. Krach, H. F. Lynch Lumber Co., 2nd vice president; Donald B. Sistare, City of Springfield, secretary-treasurer; Julius Goldman, Berkshire Color & Chemical Corp., national director. Directors: Lilian C. Driscoll, G. & C. Merriam Co.; Philip H. Bolger; Kenneth W. Short, Shawinigan Resins Corp.; Theodore T. Kemppainen, Cortland Grinding Wheels Corp.



P.A. CLUB OF TRENTON: New officers: (l-r) Carl W. Zigrand, Nothelfer Winding Laboratories, Inc., past pres. and dir.; John M. Burgner, DeLaval Steam Turbine Co., v.p.; Thaddeus E. Meskill, Whiting Paper Co., pres.; J. A. Crosby, Union Bag-Camp Paper Corp., sec.; J. G. Hottinger, John A. Roebling's Sons Div., Colorado Fuel & Iron, treas.

What's News in Chemicals...



What comes out here depends on you...

Enjay tailors its production to fit your needs. Over the years it has pioneered in the development of many important new compounds to meet the changing demands of the chemical industry—products like isoctyl alcohol, decyl and tridecyl alcohols, and BUTON resins, to name but a few.

Latest in this series is new Enjay

hexyl alcohol. Of particular interest to vinyl plastic compounders are the phthalate esters of hexyl alcohol. Their good solvating properties make them highly efficient as calendering aids. Hexyl alcohol has other important applications as a raw material for flotation agents, lubricant additives, degreasing fluids, brake fluids and

agricultural chemicals. For specifications on the full line of Enjay alcohols, or other high quality chemicals, write to Enjay, 15 W. 51st Street, New York 19, N.Y.

EXCITING NEW PRODUCTS THROUGH PETRO-CHEMISTRY

ENJAY CHEMICAL COMPANY
A DIVISION OF HUMBLE OIL & REFINING COMPANY



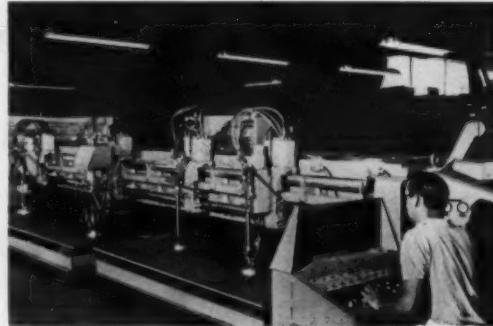
Product Perspective

PUNCHED PAPER TAPE is starting to take over more production operations as a variety of machinery makers add numerical controls to their wares. Newly automated jobs include a flame cutting machine, tube bender, and steel mill roll grinder.

All of this new breed of numerically controlled machines have several things in common: They are expensive, designed to give a high degree of accuracy, make programming easy, and handle a variety of sizes and shapes with a simple change of tapes.

Most of the new tape-controlled production machinery has been designed for automatic control from the ground up. Manufacturers have found that it is extremely difficult to adapt existing machinery to numerical control because of the high accuracy and repeatability demanded by automatic operation. Most of the makers have turned to the General Electric series of "Mark" systems for their controls.

• **Air Reduction Co.'s** bridge-type flame-cutting machine can cut straight lines and contours in plate of any length up to 22 ft. wide and 6 in. thick. The new machine, a first in the industry, is programmed directly from blueprints and cuts without templates or operator direction. After the operator positions the plate, all functions are completely automatic. The tape starts and stops the machine, ignites the preheat flame, and controls gas supply, in addition to guiding the head through proper cutting outline.



NUMERICAL CONTROL puts flame cutting machine through its paces as operator watches operation from his console.

Cutting speeds, also tape-controlled, can be programmed from 2 ipm. to 35 ipm. The bridge can accommodate as many as four torches and has an accuracy of $\frac{1}{4}$ in. Expected uses include shipyards and large and medium-sized fabricators of earthmoving equipment, electrical apparatus, farm machinery, and railway cars and locomotives. Airco claims that the unit—priced at about \$140,000—can pay for itself in less than a year for a big company, about three years for a moderate user.

• **Nu-Era Corp.'s "Bend-O-Matic" machine uses punched tape to bend tubing to complicated shapes.** The automated unit bends and twists angles (plus or minus 3 min.) to linear dimensions (plus or minus .005 in.) in any material up to 1 $\frac{1}{4}$ in. in dia. and 8 ft. long. The machine was developed primarily for the aircraft and missile industry.

The bender is programmed from a prototype rather than from a blueprint. The operator hand-fits a piece of soft tubing through the various recesses and passages, measures the various bends, and punches these measurements into the machine via adding-machine type buttons on a console. The unit punches a tape as it makes the first part.

Nu-Era also makes another numerically controlled bender which is used to produce automotive exhaust tail pipes. Potential customers for these tape-controlled units include the building and construction industry (bending reinforcing rods) and furniture makers. "Bend-O-Matic" will sell for around \$80,000.

• **Farrel-Birmingham's 60-in. heavy-duty grinder finishes work rolls used in steel mill operations.** (Blooming mill rolls must be reground every four to six days, and tandem mill rolls every eight hours.)

Once the operator pushes the start button, the control system takes over the job of rough grinding, aligning the workpiece, semifinishing, dressing the grinding wheel, finish grinding, and measuring and recording a printout of roll size. The machine takes off the least amount of metal necessary to get the roll even by scanning each roll to find the point of greatest wear and using this to determine the finish diameter. The control memorizes the final diameter of the first roll and matches the mating roll to it automatically.

The first three machines will be installed at the new hot mill of Great Lakes Steel Corp. in Detroit. Selling price is about \$350,000.

• • •

Control makers hope to get a wide assortment of machinery manufacturers to offer tape units. The control people are somewhat disappointed at the reception the machine tool companies have gotten so far this year. Although forecasts indicate orders for about \$50-million of tape controlled units will be placed during 1961, industry observers say an additional \$150-million worth of tools that could profitably use numerical units have elected to stay with the conventional machines.

Here's your weekly guide to ...

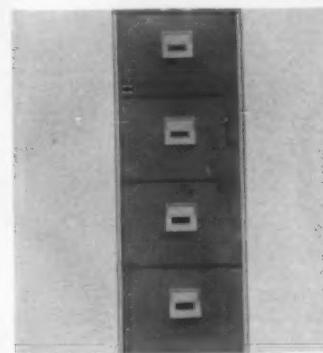
Filing Cabinet

Gives Fire Protection

Insulated filing cabinet protects contents against fire and extreme heat. It is available with letter or legal size drawers and in two-, three-, or four-drawer units. The cabinet is available also in a construction able to pass a drop test of 30 ft. after being heated in a 1,500 F fire with no damage to the contents.

Price: \$307 (4-drawer letter size) \$323 with drop test. Delivery: immediate.

Remington Rand Systems, 122 East 42nd St., New York 17, N. Y. (PW, 7/31/61)
SIC #2522



Presentation Cover

Has Slide-Bar Clamp

Cover of transparent vinyl has a handy slide bar which securely holds from 1 to 20 sheets up to 8 $\frac{1}{2}$ in. x 11 in. The cover protects enclosed materials for presentation while making them easy to see. It is available with clear, aqua, yellow, blue, or orange vinyl and is packed 20 to a box.

Price: 25¢/each. Delivery: immediate.
National Blank Book Co., Holyoke, Mass.
(PW, 7/31/61)

SIC #2782



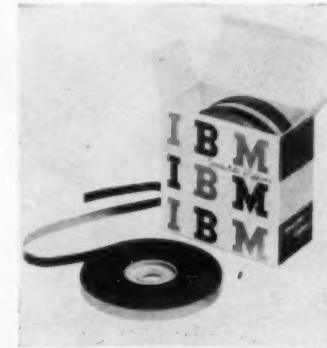
Typewriter Ribbon

Offers Eight Colors

Polyethylene typewriter ribbon comes in any of eight colors to permit color-harmonizing of the body of a letter with the letterhead. The colors—three shades of blue, two of green, two of brown, and one red—reproduce on most office copying machines and the ribbons can be used to prepare copy masters.

Price: \$15.50/doz. Delivery: immediate.
International Business Machines Corp.,
545 Madison Ave., New York 22, N. Y.
(PW, 7/31/61)

SIC #3955



Work Lamp

Delivers 202 Ft/Candles

Incandescent work lamp is a small unit that has a five-position switch for different intensities ranging from 2.2 ft./candles to 202 ft./candles from a 6-v. bulb. It stands 10-in. high and has a 2 $\frac{1}{2}$ -in. dia. reflector that is cork-insulated. The lamp is available with a black-wrinkle or white-enamel finish.

Price: \$46.50. Delivery: immediate.
Tensor Electric Development Co., Inc.,
1873-1877 Eastern Pkwy., Brooklyn 33,
N. Y. (PW, 7/31/61)

SIC #3642



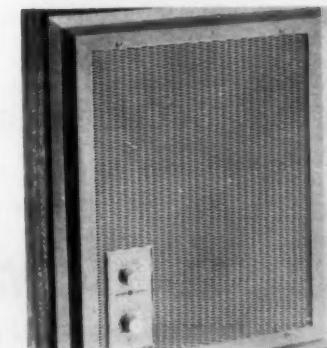
Heater

Mounts in The Wall

Electric forced-convection heater for auxiliary use mounts in the wall of existing or new construction. It comes in 2,000-w., 3,000-w., and 4,000-w. units with a Calrod heating element. It has an automatic thermostat and a thermal overload device that cuts off the heating element if the flow of air is obstructed.

Price: \$87.50 to \$97.50. Delivery: immediate.
General Electric Co., Louisville, Ky. (PW,
7/31/61)

SIC #3634



New Products



Television Camera

Scans Small Interiors

Closed-circuit camera is 9-in. long with less than a 3-in. dia., permitting use in small areas. It contains only essential parts (others are in a separate control unit) and withstands considerable noise and vibration without special protection.

Price: under \$1,000 (camera less vidicon tubes). **Delivery:** immediate.

Fairbanks, Morse & Co., 100 Electra Lane, East Station, Yonkers, N. Y. (PW, 7/31/61) **SIC #3662**

Price data that accompany each product description are list or approximated prices supplied by manufacturers. Unless otherwise noted, prices quoted are for the smallest quantity that can be ordered.

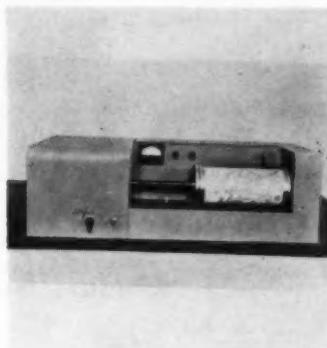


Plastics-Welding Kit

Does Repair Work

Kit for maintenance and repair work may be used also to train welders of plastic products. It performs tack-welding, hand-welding, and medium-speed welding of many thermoplastics. The welder has an air-flow regulator and gage, an air-cooled handle, and a 320-w. heating element.

Price: \$99.75. **Delivery:** immediate. **Kamweld Products Co., 932R Washington St., Norwood, Mass. (PW, 7/31/61)** **SIC #3623**



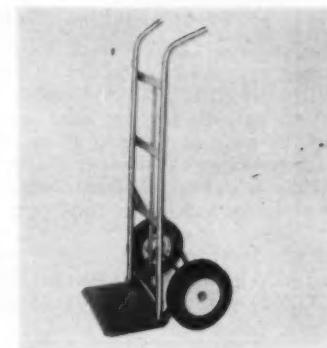
Facsimile Equipment

Has Table-Model Units

Facsimile communication equipment with table-model units transmits and receives written, printed, and photographic copy over telephone lines, direct wire, or by microwave at 3 1/4 min. per letter-size document. It handles up to 8 1/2- x 13-in. papers with 13 shading degrees between black and white.

Price: approx. \$2,500 (transmitter and receiver). **Delivery:** approx. 60 days.

American Facsimile Corp., 160 Colt St., Irvington, N. J. (PW, 7/31/61) **SIC #3662**



Hand Trucks

Meet Special Needs

Hand truck line is designed to handle a variety of shapes and sizes of cases and packages. Individual trucks are intended for handling of goods such as soft drink cases and cased goods of dairies. Others are designed for warehouse operations and light handling needs. A choice of wheels is available.

Price: \$9.55 to \$36.90. **Delivery:** immediate.

M-H Equipment Co., Inc., Box 5941, Dallas 22, Tex. (PW, 7/31/61) **SIC #3537**



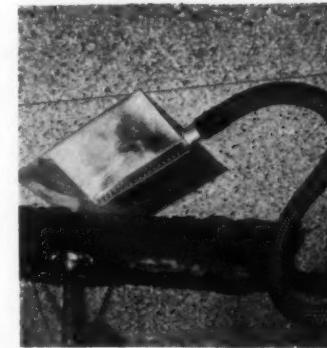
Mail Distributing Cart

Serves as Filing Cabinet

Mail distributing cart with removable compartments also serves as a mobile filing cabinet. It has handles at both ends and rubber-tired wheels for easy mobility, and is finished in blue-gray enamel. A bottom shelf holds two filing boxes. Over-all size is 33 in. long, 17 in. wide, 32 1/2 in. high.

Price: \$59.50. **Delivery:** immediate.

W. A. Charnstrom Co., 422 S. 7th St., Minneapolis 15, Minn. (PW, 7/31/61) **SIC #2522**



Dust Mop Cleaner

Attaches to Vacuum

Vacuum cleaner attachment simplifies the cleaning of dust mops and reduces the number of washings needed. The mop is moved across the top of the attachment several times for the vacuum to remove dust and dirt. The attachment's design helps also to dislodge particles.

Price: \$14.95. **Delivery:** 10 days to 2 wk. **E. W. Lewis, Milan, Ohio. (PW, 7/31/61)** **SIC #3584**



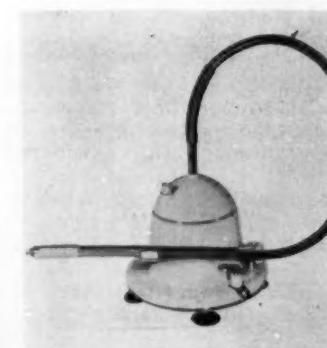
Wheel Block

Has Anchor Chain

Wheel block for use at loading docks has a 3/8- or 1/2-in. anchor chain to secure it to the dock or pavement. When the block is positioned, the chain is pulled taut and linked in a chain-retaining slot. Block calks (cast-on or removable rubber or steel) inhibit movement of the vehicle.

Price: \$24. **Delivery:** immediate.

Calumet Steel Castings Corp., 1636 Summer St., Hammond, Ind. (PW, 7/31/61) **SIC #3545**

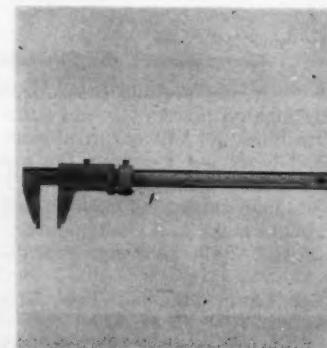


Electric Eraser

Works Automatically

Electric unit automatically erases pencil, ink, typewriting, and printing. When the pencil-like handpiece is lifted from the cradle, the motor starts automatically and shuts off when it is returned. A night-lock prevents accidental operation. The 4-in. erasing rubber comes in different grades for specific uses and feeds automatically as used.

Price: \$34.95. **Delivery:** 2 to 3 wk. **Margo Co., 8900 Woodland Ave., Cleveland 4, Ohio. (PW, 7/31/61)** **SIC #3069**



Vernier Caliper

Measures to 1/1000 in.

Twelve-inch vernier caliper permits measurements to 1/1000 in. or 1/50 mm. It has 2 1/4-in. long jaws with an approximate maximum nib width of 0.3 in. when closed. One side is graduated for outside measurement and the other for inside. Graduations are recessed and dark to permit easy reading.

Price: \$68. **Delivery:** immediate.

Scherr-Tumico, Inc., 310 Armstrong Blvd. N., St. James, Minn. (PW, 7/31/61) **SIC #3545**



Indicator

Senses Transient Voltages

Transistorized device is a battery-operated unit that senses and indicates the presence of voltage transients in electronic circuitry. Transients as short as one microsec. with an amplitude of 0 to 2,000 v. will trip the unit and cause the panel lamp to glow. An adjustable control lets the trip point be preset over the entire range.

Price: \$195. **Delivery:** immediate. **Trott Electronics, Inc., 412 Smith St., Rochester 6, N. Y. (PW, 7/31/61)** **SIC #3611**

Your Guide to New Products



Welding System

Operates on Tape Control

Electronic welding system for microminiature and other precision applications may be tape programmed for up to 10 weld conditions. The operator then need only actuate the head—force and heat settings are automatically set by the system. Energy is adjustable up to 80 w./sec.; electrode force, 4 oz. to 15 lb.

Price: \$4,750 (\$3,750 without tape program). **Delivery:** 90 days.

Unitek Corp., 950 Royal Oaks Dr., Monrovia, Calif. (PW, 7/31/61) SIC #3623



Magnifying Lenses

Adjust to Any Position

Lightweight headgear provides magnified vision with balanced bracket which allows the lens system to be set in any position required for proper focus. The system comes either with 1 1/4 diaphters and 13-in. focal length or 2 1/2 diaphters and 9-in. focal length. The headgear is adjustable to size and has a wool felt headband.

Price: \$12.50. **Delivery:** immediate. **Boyer-Campbell Co., 801 W. Baltimore, Detroit 2, Mich. (PW, 7/31/61) SIC #3831**



Orbital Sander

Does Production Work

Orbital sander for production work is useful for finishing new stock or removing old paint and varnish. It weighs only 5 1/2 lb., permitting it to be used for overhead and vertical work as well as to sand flush in corners. It accommodates sandpaper 3 1/2 in. x 9 in. and has momentary trigger contact switch with a pin for locking in "on" position.

Price: \$49.95. **Delivery:** immediate. **Skil Corp., 5033 Elston Ave., Chicago 30, Ill. (PW, 7/31/61) SIC #3548**



Circuit Board Drill

Has Four Heads

Printed circuit board drill has four spindles which drill four stacks of 10-in. x 10-in. boards at one time, producing 25,000 holes/hr. Drill stroke speed is adjustable from 0 to 35 ipm. and drill speed from 0 to 21,000 rpm. The machine lends itself to long and short runs.

Price: \$6,300. **Delivery:** 30 days. **Excelon Industries, 5002 Crenshaw Blvd., Los Angeles, Calif. (PW, 7/31/61) SIC #3541**



Current Source

Has Extended Range Switch

Current source with extended range switch is designed for high levels of accuracy in calibrating electrometers. The a.c. powered unit covers ranges from 10⁻¹³ amp to 10⁴ amp. and is especially useful in detecting malfunctions of defective instruments. The unit measures 10 in. x 8 1/2 in. x 8 1/2 in.

Price: \$375. **Delivery:** 3 days. **Gyra Electronics Corp., Washington & Elm Sts., P. O. Box 184, La Grange, Ill. (PW, 7/31/61) SIC #3611**



Rust Remover

Brushes On

Rust remover is a multi-acid material which removes rust to the bare metal. It brushes on and flushes off with water, leaving the surface clean for painting—wire brushing, blasting, or flame cleaning is not needed. The material is suspended in a gelling agent that clings to vertical surfaces.

Price: \$6.15/gal. (5-gal. container). **Delivery:** immediate. **Shawn Chemicals, Inc., Caxton Bldg., Cleveland 15, Ohio. (PW, 7/31/61) SIC #2842**



Lathe-Tool Holder

Eliminates Resetting

Lathe-tool holder needs no resetting to grind the second side of a tool; flipping the holder onto the other side positions it properly. Models are available with capacities of 3/8-in., 1/2-in., 5/8-in., 3/4-in., and 1-in. capacities. Holder can be used for all kinds of lathe tools with same degree of accuracy.

Price: \$21.50 to \$47.50. **Delivery:** immediate. **Dern Tool Co., 6833 Hinds Ave., N. Hollywood, Calif. (PW, 7/31/61) SIC #3545**

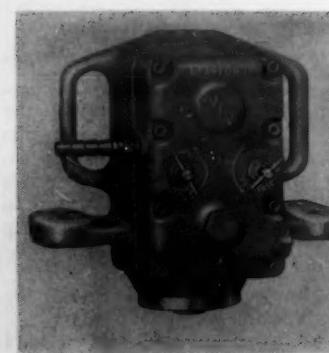


Respirator

Protects Against Paint Spray

Single cartridge respirator offers protection against all paint sprays and vapors, and lead-based enamels and lacquers. The unit weighs less than 8 oz. and all parts are independently replaceable. A molded plastic clip cap simplifies attachment of the filter to the cartridge.

Price: \$7.20. **Delivery:** immediate. **Pulmosan Safety Equipment Corp., 644 Pacific St., Brooklyn 17, N. Y. (PW, 7/31/61) SIC #3842**

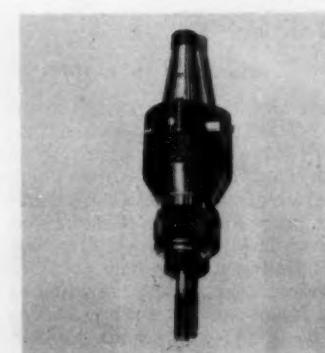


Vibrator

Has Variable Impact

Pneumatic vibrator is variable unit that permits changes of impact and frequency independently of each other. The frequency range is between 1 and 500 vibrations per min. The vibrator will work in any plane and is attached by means of a standard adapter.

Price: \$2,000. **Delivery:** immediate. **Branford Co., 132 Glen St., New Britain, Conn. (PW, 7/31/61) SIC #3569**



Tap Holder

Compensates for Threads

Drill and tap holder permits power feed tapping operations on horizontal- and vertical-spindle machines not having thread leads or with thread leads not matching the tap thread. Two models handle taps from 1/4 in. to 1 1/4 in. in diameter. Quick-change collets and chucks make tool changing easy.

Price: \$325 and \$340. **Delivery:** immediate. **Giddings & Lewis Machine Tool Co., Fond du Lac, Wis. (PW, 7/31/61) SIC #3545**

Product News in Brief

Tire Resists Gouging

Akron — Goodyear Tire & Rubber Co., Inc., has developed a tire for fork-lifts, with a tread up to 60% thicker than ordinary industrial pneumatics.

The tread design uses heavy criss-cross lugs leading in from



each shoulder for good traction and braking, while the continuous center of the tread permits a smooth ride. A special compound of tough rubber is used to resist gouging and abrasion.

Power Costs Cut

Conshocken, Pa.—C&D Batteries is offering a battery-charger package for electric trucks "that assures lower battery-power costs." Both units are guaranteed for 7½ years of service.

The battery has a five-fold insulation and plates claimed to be the "thickest available in any industrial truck battery." The charger has two basic parts: A constant voltage current-limiting transformer and a silicone diode rectifier.

Piggyback Loading Plates

Pittsburgh—Aluminum Company of America is fabricating aluminum bridge plates for piggyback loading operations of railroad cars. The plates weigh



only 85 lb., compared to 160 lb. for regular plates.

The bridge plates are used to span the gap between flat cars in "circus loading" operations. Trailers being loaded by this technique line up single-file on the loading dock and drive the length of the train.

Autoclave Speeds Curing

Titusville, Pa. — Struthers Wells Corp. has developed an autoclave that cuts to a few hours the time required for curing concrete blocks. This compares with

the usual 30 days for open-air curing.

The Petrotherm autoclave generates high-pressure steam by forcing hot oil through coils. This produces a uniform curing cycle that delivers better blocks than air-cured units and from a mix with about 15% less cement.

Adhesive Withstands 400F

South El Monte, Calif.—Epoxy lite Corp. has developed a two-part epoxy resin said to be the first commercially available

adhesive to cure at room temperature.

Called Epoxy lite #810, it maintains good adhesive properties after more than 200 hr. at 400F and will withstand short exposures to 500 F. Most room temperature cure epoxies will soften at 165 F to 200 F. Curing for maximum development of adhesive strength takes several days to a week.

New Adhesive Is Versatile

New York—Adhesive Prod-

ucts Corp. has developed a waterproof adhesive and coating for bonding polyethylene foam, polystyrene foam, and polyurethane foam to themselves or any other surfaces.

The 100% solid material is said to combine the best features of epoxy and rubber. It is permanently flexible, nontoxic, and withstands temperatures as low as -80 F. The adhesive is available in viscosities suitable for coating foam with a flexible skin and may be used also as a sealer and caulking compound.

Microfilm Readout Device

Pleasantville, N.Y.—GPL Div.

of General Precision, Inc., has a new microfilm readout device with a magnification of 300 X on a 21-in. monitor screen. The unit permits complete remote control.

Working with closed circuit television, an operator can call a central file located several miles distant to have a microfilm aperture card placed in the machine and transmitted to his monitor. He then positions any part of the projected picture in the center of the monitor screen and, without losing focus, can change its magnification through the entire range.

By using a larger than 21-in. monitor screen, a magnification greater than 300 X is possible.

"The Yellow Pages helps us locate suppliers...and buyers for surplus items, too,"

says C. A. Daly, Jr., Manager—General Purchasing, RCA, Camden, N. J.



America's buying guide
for over 60 years!



"In California, Florida, Mid-West, New England or Camden, we use the local Yellow Pages to help us find out-of-the-ordinary items."



"When our Bloomington, Indiana, plant wanted to dispose of material-handling trucks, the Yellow Pages helped locate prospective buyers."



"And when our buyers get requests to buy something or rent a facility in a hurry, the Yellow Pages is an excellent source of supply."



"In general, the suppliers we find through the Yellow Pages are established sources and reliable people to do business with."

N.Y. Municipalities Urged to Pool Purchases

Rochester, N.Y. — Formation of a joint purchasing agency to serve all the local governmental units in Monroe County, of which Rochester is the county seat, has been urged by the Bureau of Municipal Research.

A minimum of \$2-million could have been saved in 1960 alone through centralized purchasing, the Bureau said in a report to the Joint City-County Planning Committee.

The Bureau based its recommendation on a check of 35,000 purchase orders issued in 1960 obtained by the state, through

which they are permitted to buy. For example, paper napkins were bought by the state for \$3.37 in lots of 5,000, while municipalities on their own paid anywhere from \$4.24 to \$9.75.

Barry Jesmer, research analyst for the bureau, said Rochester, the Rochester School Board, and the county would have saved 8.7% through joint purchasing; the towns would have saved 16.1%; school districts, 17.9%, and villages, 15.5%.

Jesmer found that 80% of the time the lowest price available to the municipalities was that

He predicted, however, that if all the municipalities banded together with the county agencies and the school districts, they would be able to obtain the same prices as the state. In some cases, due to lower shipping costs, the municipalities might even get lower prices than the state, he added.

Fordham Again Offers Two Courses For Evening Students in Purchasing

New York — Fordham University again will offer two 10-week coeducational evening courses in purchasing beginning Oct. 5. The 90-minute weekly classes will be held at 7:30 p.m. Thursdays.

One course, "Fundamentals of Purchasing," will survey purchasing principles and techniques applicable to business, institutional and governmental units. It will be taught by Miss Alice C. Hodnett, chief of the procurement

and traffic branch, New York Operations Office, U. S. Atomic Energy Commission.

The second course, "Advanced Purchasing Techniques," will take a case study approach to "purchasing for profit," inventory management, purchasing ethics, negotiation techniques, "Cost" versus "priced," make-or-buy decisions, legal implications, application of automation techniques, and value analysis.

Prerequisite for this advanced course is a course in purchasing fundamentals or approximately five years of purchasing experience. It will be taught by Lewis R. Eagleston, director of group purchasing service, Federation of Protestant Welfare Agencies.

Students completing the courses satisfactorily will receive certificates. Information may be obtained from School of General Studies, Keating Hall, Room 115, Fordham University, Bronx 58, N. Y.

More Incentive Clauses In U.S. Army Contracts To Foster Cost Cutting

Detroit — The U.S. Army is talking up its campaign to cut costs by reducing "sole source" procurements, and increasing the number of incentive clauses in its contracts.

Speaking here before the Michigan Aeronautics and Space Assn., Brig. Gen. Fred Thorlin, head of the Ordnance Tank-Automotive Command, said that in order to promote wider competition, the Army will start making large quantities of drawings and specs for new items available to suppliers at earlier dates in the bidding process than it has in the past.

"The contracts themselves will contain more incentive clauses than has been the case up to now," said Thorlin.

"Such clauses, judiciously used, will make it profitable for the contractor to make a real effort to reduce the price of an item he is producing," he said.

A typical incentive clause, he said, would provide that the contractor share in the savings when he is able to propose an acceptable revision in Army drawings or specs that reduces the cost of an item.

Reynolds to Triple Supply Of Film in Virginia Plant

Grottoes, Va. — Reynolds Metals Co. will expand the facilities of its Plastics Div. here for producing oriented polyvinyl chloride film to about triple the capacity of a year ago.

Reynolds said the new addition, scheduled for completion by year-end, will bring total plant capacity to almost 9-million lb. annually. The heat-shrinkable film is used for wrapping fruits and vegetables and as a multipack wrapper for bundles of cans, canisters or cartons.

The Grottoes plant also produces polyvinyl alcohol film, a water-soluble film for wrapping such items as bleaches, dyes, and detergents.



Weighs a 64% cost reduction



Fastener survey by RB&W seeks to deliver maximum holding power per fastener-dollar ... makes possible substantial savings

Since the job of a standard fastener is mainly to hold an assembly together, its "clamping force" is what you really want. You can reduce costs by applying this fact and buying fasteners by their *holding power* rather than size.

For example, compare SAE "proof load" and cost ratios of four different hex screws of standard steels.

Almost unbelievable. The smallest—the heat treated RB&W High Strength Hex Screw—exceeds all the others in load capacity, can usually be used instead of any of them. But, since it's smallest and weighs less, it also costs you less. 64% less than the 1 1/4" Grade 2 screw; 58% less than the 1 1/8", etc. And because holes can be made smaller, you save on production, too.

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| Grade | SAE Grade 5 | SAE Grade 2 | SAE Grade 2 | SAE Grade 2 |
|------------------|-------------|-------------|-------------|-------------|
| Size | 3/8 x 5" | 1 x 5" | 1 1/8 x 5" | 1 1/4 x 5" |
| Proof load (lbs) | 28,400 | 16,950 | 21,350 | 27,100 |
| Cost Ratio | 100% | 100% | 239% | 277% |



Plants at: Port Chester, N. Y.; Coroopolis, Pa.; Rock Falls, Ill.; Los Angeles, Calif. Additional sales offices at: Ardmore (Phila.), Pa.; Pittsburgh; Detroit; Chicago; Dallas; San Francisco. Sales agents at: Cleveland, Milwaukee; New Orleans; Denver, Fargo. Distributors from coast to coast.

Motorola Taps Purchasing to Pick Tube Maker

(Continued from page 1) govern the selection of a tube manufacturer: quality and price. This is the same basis, he said, in which purchasing located suppliers and technical specialists under the \$100,000 crash program for the tube which began last May 18.

"As long as we're not going to produce the tube ourselves commercially," Taylor said, "selection of a manufacturer naturally goes through purchasing, especially in a case where it has already worked so closely with engineering in development of the tube."

A Purchasing Achievement'

"In fact," Taylor emphasized, "We look upon development of the prototype as a purchasing achievement as much as an engineering achievement."

Taylor's viewpoint is backed up by Motorola's engineering arm. Garth Heisig, director of television engineering, said, "In developing the prototype, we had to work closely with purchasing, primarily because of their knowledge of sources out of our normal line of suppliers. We could have spent months finding suppliers, then negotiating on price and delivery, whereas purchasing was able to do it overnight or within a few days at the very least."

Overnight procurement was almost the rule rather than exception at crucial periods, Heisig said. Because of the need to compress lengthy manufacturing cycles into a matter of days, both purchasing and engineering worked around the clock and through the weekends.

Breaking New Ground

In procurement of components, both engineering and purchasing were breaking new ground in many cases. Procurement of the glass for the picture tube, for example, differed from the usual procedure for a black-and-white tube where the glass is all ordered in one piece. For a color tube, funnels, face plates,

New York Firm Named American Licensee For Over 50 Soviet Patents

New York—National Patent Development Corp. has signed an agreement in Moscow making it the exclusive U.S. licensee for over 50 Russian patents.

The company said it would not disclose details of the patents until they are registered with the U.S. Patent Office, but it is known that they cover the electronics, ultrasonics, medical instrument and machine tool fields.

The U.S. firm's mission to Moscow, however, was only a partial success. The company originally hoped Soviet authorities also would agree to pay for using American patents under a cross-licensing pact (see PW, June 5, '61, p. 16).

National Patent said it will sublicense the Russian patents to its list of U.S. customers, which now includes such firms as American Machine & Foundry, AVCO Mfg. Co., International Latex Corp. and Thiokol Chemical Corp.

and a larger neck for the funnel had to be procured separately, and delivery had to be timed to each stage.

Corning Glass Works and Owens-Illinois' Kimble Glass Div. were the chief suppliers of glass. National Video Corp., Motorola's black-and-white tube manufacturer, supplied a large number of individual components.

A multisupplier problem also confronted Motorola in making the shadow mask for the face. Buckbee-Mears Co. made the mask in the flat; Hydroforming Co. of America formed it in a spherical shape.

In the race against time, there were many examples of how purchasing engineering teamwork functioned. For example: When a chemical house was needed to

blacken the masks, purchasing located the company to do the job, and engineering flew a man to the company to get the job done.

A member of the purchasing department was on hand at all times with one or two wagons and drivers assigned to him around the clock. Pickups at three and four in the morning were not unusual.

Contacts Useful

"Purchasing's relationship with suppliers was another big asset to us," Heisig said. He cited the example of a P.A. who had to get out on the golf course one Saturday to obtain permission from the vice president of a big supplier for a glass technician to work with engineering over the weekend.

General Electric Sets New Standards To Evaluate Purchasing Performance

(Continued from page 1) give an opportunity to try under varying conditions of organization size—from four-man departments on up to very large buying organizations, and on products ranging from basic metals to sophisticated defense electronic gear, under job and high production situations.

The plan allows the purchasing manager to evaluate the effectiveness of his whole organization and its efforts in improving total performance. It also shows whether improvements in quality, for example, have been done at the expense of price, quantity, or timing.

Expect Variations

Under the GE decentralized organization, each operating department is free to adopt the plan if they believe it will help them. However, initial reaction has been quite favorable, says Adams, and he expects it eventually may be used in most of the 120 purchasing units at GE. It's expected that each division will make variations on the plan to suit its own purchased materials mix. It is not designed to compare one department against another but as an improvement measurement technique.

According to Arthur R. Cooke, Staff Consultant on Purchasing Techniques—Research the plan is designed to provide an operating manager with answers to the question: "Do I have a good purchasing organization?"

Emphasis on Progress

Conventional reports from P.A.'s tell generally what has been done in terms of standards, such as the cost of a purchase order, often too difficult to define. This plan puts the emphasis on progress and what they have done better, shown through quarterly reports.

GE indicated that the improvement plan could be put into operation without electronic data processing equipment, and thus seemed applicable to a company of almost any size. "It's the concept that is important," says Adams, who has been one of the leaders in the search for ways to evaluate purchasing performance.

Developed after three years of concentrated study directed by Cooke, it may be the answer to performance measurement problems in a wide range of industries. General Electric will make available further details on the plan at future meetings of AMA and NAPA.

Price Changes for Purchasing Agents

| Item & Company | Amount of Change | New Price | Reason |
|--|------------------|----------------|-------------------|
| INCREASES | | | |
| Gasoline, East Coast, Sinclair, dlr. tnkwgn, gal..... | .005 - .015 | | earnings pinch |
| No. 2 oil, kerosene, diesel fuel, East Coast, Esso, Ga..... | .003 | | inventory buildup |
| No. 4 oil & No. 5 oil, East Coast, Esso, bbl..... | .08 & .04 | | inventory buildup |
| Gasoline, Dallas-Fort Worth & Houston, Mobil dlr. tnkwgn, gal..... | .016 & .036 | | earnings pinch |
| Tin salts, potassium stannate, lb..... | .005 | .844 | |
| Sodium stannate, lb..... | .005 | .709 | |
| Tin crystals, anhyd., lb..... | .006 | \$1.093 | |
| REDUCTIONS | | | |
| Gasoline, branded 91-oct., mid-cont. refiners, gal..... | .005 | .1275 | competition |
| Gasoline, upstate N. Y., Mobil, dlr. tnkwgn, gal..... | .008 - .009 | | competition |
| Glycerin, nat. rfd., cp., 96% & 99%, tanks, lb..... | .0025 | .2375 & .24625 | oversupply |
| Beryllium metal scrap, brush beryllium buying price..... | 15% avge. | | end-prod. cuts |
| Mercury, 76-lb. flask..... | \$4.00 | \$193.00 | slow demand |
| Ortho-tolidine, Du Pont, tanks, lb..... | .03 | .25 | |
| Plywood, 1/4" sanded, 1000 sq. ft..... | \$4.00 | \$64.00 | slow demand |
| Green fir 2x4's, random lengths, Northwest mills, 1000 bd. ft..... | \$1.00 | \$64.00 | slow demand |

Late News in Brief

Cement Facts Pose Price Question

Chicago—Possibility of higher cement prices for 1962 was raised by new two-year labor contracts covering some 27,000 members of the United Cement, Lime & Gypsum Workers Union. The president of one large cement producer is expected to state the case for higher prices in his next quarterly report. Reportedly, he will attribute the need to the 24¢ labor packages, as well as higher transportation costs.

Glycerine Prices Cut

New York—Prices for natural refined glycerine dropped 1/4¢/lb. in tankcar quantities due to 1% discounts offered by major soap manufacturers. This brought the actual sale price of C.P. 96% material to 23 3/4¢/lb. and 99% material to 24 3/4¢, a saving of about \$200 per tankcar. The new prices of the natural product are 1/2¢ below those of synthetic glycerine, a change from the usual 1/4¢ differential between the two types of refined glycerine.

Tin Salt Tags Rise to Former Level

New York—Tin salt prices returned to their former levels last week after the slight dip of the week before. Potassium stannate returned to 84.4¢/lb.; sodium stannate, 70.9¢; anhydrous tin crystals, \$1.093¢.

Chrysler Names New President

Detroit—The Board of Directors of Chrysler Corp. last week named Lynn A. Townsend as president of the giant auto maker and member of the newly created executive committee. George H. Love, chairman of Consolidation Coal Co., was elected chairman of the committee.

Townsend, former administrative vice president, succeeds L. L. Colbert, who asked the board to release him from his duties as both chairman and president. Colbert will become board chairman of Chrysler Corp. of Canada.

COD Rates Going Up

Washington—COD rates will be hiked as much as 33% on Aug. 1. All fees under the new schedule will rise 10¢, except for shipments valued above \$150.

Barden Markets New Bearings Line

Danbury, Conn.—Barden Corp. announced a new line of precision miniature bearings showing reductions in price of up to 30% over its regular line. Called "Value Precision," the new lines are designed for gear heads, gear trains, motors, potentiometers, clutches.

Blough Sidesteps Steel Price Issue

(Continued from page 1) said he expects shipments this year to reverse the 1960 trend, when an inventory reduction of about 8-million tons caused shipments to lag behind steel orders. At the same time, he predicted

a "slight" inventory pickup of "maybe 2- to 3-million tons" in the second half of this year.

Users agree that the inventory buildup—if any—will be small. And this was confirmed by a recent PURCHASING WEEK survey, which showed that most buyers are not planning to step up their purchases.

It now appears certain that any price hikes will be on a selective basis rather than across the board. Price weaknesses of the past few months point to this, as well as the absence of any noticeable hedge-buying, which would normally foreshadow a general price rise.

One thing is certain, according to industry experts: Recent price weaknesses have run their course. And most steelmakers regard the "downward adjustments" as relatively minor anyway.

Commenting on the reductions, Republic Steel Corp. President T. F. Patton said, "The products affected involve only a small percentage of total steel shipments." Moreover, "prices on products involving the large percentage of shipments have remained firm," he added.

Edwards Outlines Pros and Cons of Certification

(Continued from page 1) of Florida's College of Business Administration. The Institute program centered on the increasing need for purchasing men to know more about basic economic factors, better communications in cost management, and measurement of purchasing performance, as well as basic professional development.

In the area of purchasing "accreditation," Edwards warned that the road to professional certification—such as used in accounting, law, insurance, and other fields—is long and requires a tremendous amount of research before a sound program can be devised.

"To begin a program which would fail or which would lack respect would result in serious harm to the association and to our profession," he said. "Thus, we must be sure at the start that we are ready and that the ultimate goal is sound."

In focusing attention on accreditation, Edwards emphasized that he was speaking as an individual and not as an official of NAPA, where the subject has not yet come up as an official project. But he indicated awareness of what he described as "active discussion" among purchasing people in all parts of the country.

Careful Scrutiny Needed

Calling such discussion a "healthy sign," Edwards warned that the subject must be approached carefully and only after searching "self examination" on why such a program is needed. Stating his opposition to certification programs that would utilize the terms "certified" or "fellow in purchasing" or which would set up different classes of ranks in purchasing, Edwards urged analysis in depth of accreditation used by other professions.

"From this research a concrete proposal for a purchasing system should be developed," he said. "This proposal should include a uniform system and the mechanisms for administering the program nationally and on a district basis."

Purchasing men must ask themselves exactly what kind of certification they want and why they want it, Edwards said. He said the "healthy approach would be one in which we honestly desire to set out on a difficult program of self improvement seeking to accomplish tough objectives. We would want to measure our progress by meeting these objectives and evaluating ourselves against sound benchmarks."

But he added, "If we are only seeking a form of recognition and are not seeking achievement and self-evaluation, then our purpose is a hollow one."

"For an accreditation program to have eventual meaning," Edwards said, "it must at least meet these requirements:

- Be very difficult to achieve. No one should be able to meet its requirements immediately.

- Be sought by many people in the field regardless of association affiliation.

- Have the respect of other professionals.

- Have universal endorsement in all sections of the country.

- Be as free as possible from any form of prejudice.

In the mechanical functioning



DISCUSSING PRO-D: M. G. Edwards (R) talks over plans with C. L. Smith, GE, St. Petersburg, and J. J. Mate, PAAF professional development chairman at Florida Purchasing Educational Institute.



TALKING PRICES: (L-R) E. A. Silsby, St. Petersburg; Ralph Siller, exec. secy. Fla. Purchasing Commission; G. E. Udall, AEC, Albuquerque; S. L. Jackson, Jacksonville, discuss effect of government policies.

of such a system, Edwards said, four tough problems must be overcome:

1. How to evaluate and approve purchasing courses throughout the country.
2. How to develop an examina-
3. How to establish regional review and examination boards that would operate uniformly.
4. How to finance the system.

REA Loses 'Blanket Rate' Battle; Pushes Other Incentive Proposals

(Continued from page 1) commodities. But, despite the reverse, REA officials said they would push ahead with variations of other rate incentive plans now in effect.

"In working out these proposals," said general traffic manager L. R. Burke, "our chief concern is to become competitive with motor carrier rates."

Here's what's in the works, Burke told PURCHASING WEEK:

- **Open commodity rates.** REA is about ready to file a tariff for automatic controls that will provide a rate for shipments over 100 lb. On June 30, REA made its first step toward extending its Tariff 33A (open commodity rates on a large number of items under 100 lb.) to cover shipments over that limit. The tariff, on auto parts and hardware from Cleveland to all points in the U.S., provides rates competitive with truck rates when the shipper has an aggregation of such shipments weighing 1,500 lb. and over. REA is at work with shippers on other similar proposals.

- **Container rates.** REA will supplement present container rates, recently established for abrasives, with break-bulk package rates. Line-haul container rates are already in effect for abrasives from Albany and Troy, N.Y., to Grand Rapids and Detroit, and additional rate benefits for small shipments beyond these points will soon be available. The ICC's approval of

piggyback rates (see PW, July 3, 1961, pg. 1) gave a boost to REA's plans to spread container rates themselves to other commodities.

- **Cube rates.** REA plans to extend cube rates to computing machines and phonograph records, with publication of tariffs probably within 60 days. These rates, which became effective in June for china and earthenware moving from Syracuse, N.Y., vary the charge on the cube, rather than the weight of the package.

In all, REA officials said, 495 separate rate reduction proposals along the above lines now are under serious study.

In the 'blanket' rate proposal, REA had hoped to set up a rate using state lines as rate blanket boundaries. The rate was computed to equal the motor carrier rate prevailing from Bruceton, Tenn., to a "central and important" traffic concentration point within the destination state.

Freight forwarders and truckers protested that these rates sometimes showed lower charges on long hauls than on shorter hauls, one which, under Section 4 of the Interstate Commerce Act, railroads and the express agency are forbidden to do.

REA filed a new tariff to include geographical blocks in states where these "rate anomalies" appeared, but ICC Div. II refused to go along with it.

Meanwhile, the Kennedy Ad-

Purchasing Week's Purchasing Perspective

(Continued from page 1)

However, in spite of the gains made during the recession—when the spotlight was placed on inventory management and cutting materials costs—the fight is still an uphill one. P.A.'s in the forefront of battle complain that management is slow in getting the message of Pro-D. They cite such things as purchasing reports filed away in bottom drawers, purchasing agents left out of staff meetings, and vital purchasing decisions made by people completely outside the procurement field.

Fortunately, there's a brighter side to the coin, as P/W Consultant F. Albert Hayes points out. Alert executives are devising better ways of measuring profit performance—and as a result the purchasing men whose efforts are paying off are gradually coming into their own in a number of major firms.

• • •

A new concept along these lines will be introduced by the AMA at its Academy meeting at Saranac Lake, N.Y., Sept. 25-29.

Called "Purchasing Profit Center Management," the new approach regards purchasing as an individual source of profit—with its own profit and loss statement, based on separate costs, budget goals, and performance results measured against initial estimates. The session will include a purchasing management game played on a computer, which will simulate realistic procurement situations. Further information on AMA purchasing courses may be had from Samuel C. Farmer, Purchasing Div. Manager, AMA, 1515 Broadway, New York 36, N.Y.

• • •

P.A.'s are juggling figures to obtain better prices in situations where competitive bids don't work. A survey of the members of the North Jersey Assn. shows that buyers in the area are using cost analysis tactics such as those recommended by Lt. Col. Robert H. Ammon (see page 12). The association's Quarterly Business Survey reports that the great majority find that these methods pay off. Here are some survey samples.

- Are you able to obtain factual cost analyses to compare against quoted prices? 59% replied yes; 41% no.
- Have you been able to apply value analysis in such a manner as to obtain lower prices where warranted? 69% replied yes; 31% no.
- Have you been able to use your own cost survey and estimate as an aid to buying a specific item lower than the normally quoted price? 68% replied yes; 32% no.

Lumber, Plywood Prices Shaved Despite Increase in Housing Starts

(Continued from page 1) to explain the price weakness coming just when June housing starts were reported at an annual rate of 1,374,000 units—the highest point since February 1960. The June increase marked the fifth monthly pickup—April alone except—in housing starts.

"All I know," commented one big mill representative, "is that business is falling off. Maybe the government figures are cockeyed."

Administration has signed into law a bill repealing a requirement, in effect since 1916, that railroad rates must be equalized for express companies and mail shipments. The bill gives REA plenty of elbow room in its current negotiations with railroads on tariff schedules to take the place of the "paper" rates charged when it was completely railroad owned. Both REA and the roads feared the old 1916 law, if invoked, would have resulted in huge losses in mail revenue, and thus to a move on the part of the roads to stop handling express shipments altogether.

Actual rates which railroads will charge REA have not been worked out yet, but REA officials do not expect these rates (which will be set on a car-foot-mile basis) to alter existing REA rates to shippers, or even those in the works.

An Eastern lumber expert offered another explanation. "Retail yards built up their inventories in March and April," he pointed out, "and they've been selling these off since. A stronger demand pickup than actually occurred was expected from the President's housing bill, and they're wary about stocking up."

This line of reasoning was substantiated by other industry people. Retailers who usually put in big orders at the mill before vacation shutdowns have been buying smaller quantities from local wholesalers instead," a large mill spokesman told PURCHASING WEEK. "It means they're keeping inventories on a hand-to-mouth basis."

Additional causes of price weakness came from other lumber executives. "The rise in housing starts is probably being offset by less industrial building business," observed one firm. "There are fewer big housing developments being built now, and we're getting lower quantity orders from customers who build the supermarkets, bowling alleys, and other businesses that go along with these developments."

Most of the industry expects business to perk up again by fall. Whether or not prices will firm up also "depends", as one industry analyst put it, "on how much production restraint is exercised during the current lull."

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